



**SEMIANNUAL REPORT**

June 30, 2021



Your success. Our priority.

# **COLUMBIA VARIABLE PORTFOLIO – U.S. GOVERNMENT MORTGAGE FUND**

Please remember that you may not buy (nor will you own) shares of the Fund directly. The Fund is available through variable annuity contracts and variable life insurance policies offered by the separate accounts of participating insurance companies as well as qualified pension and retirement plans. Please contact your financial advisor or insurance representative for more information.

**Not Federally Insured • No Financial Institution Guarantee • May Lose Value**

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## Proxy voting policies and procedures

The policy of the Board of Trustees is to vote the proxies of the companies in which Columbia Variable Portfolio – U.S. Government Mortgage Fund (the Fund) holds investments consistent with the procedures as stated in the Statement of Additional Information (SAI). You may obtain a copy of the SAI without charge by calling 800.345.6611; contacting your financial intermediary or searching the website of the Securities and Exchange Commission (SEC) at [sec.gov](http://sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities is filed with the SEC by August 31st for the most recent 12-month period ending June 30th of that year, and is available without charge by visiting [columbiathreadneedleus.com/investor/](http://columbiathreadneedleus.com/investor/), or searching the website of the SEC at [sec.gov](http://sec.gov).

## Quarterly schedule of investments

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT. The Fund's Form N-PORT is available on the SEC's website at [sec.gov](http://sec.gov). The Fund's complete schedule of portfolio holdings, as filed on Form N-PORT, can also be obtained without charge, upon request, by calling 800.345.6611.

## Additional Fund information

### Fund investment manager

Columbia Management Investment Advisers, LLC (the Investment Manager)  
290 Congress Street  
Boston, MA 02210

### Fund distributor

Columbia Management Investment Distributors, Inc.  
290 Congress Street  
Boston, MA 02210

### Fund transfer agent

Columbia Management Investment Services Corp.  
P.O. Box 219104  
Kansas City, MO 64121-9104

# FUND AT A GLANCE

(Unaudited)

## Investment objective

The Fund seeks to provide shareholders with current income as its primary objective and, as its secondary objective, preservation of capital.

## Portfolio management

**Jason Callan**  
Co-Portfolio Manager  
Managed Fund since 2012

**Tom Heuer, CFA**  
Co-Portfolio Manager  
Managed Fund since 2012

**Ryan Osborn, CFA**  
Co-Portfolio Manager  
Managed Fund since 2019

Average annual total returns (%) (for the period ended June 30, 2021)					
	Inception	6 Months cumulative	1 Year	5 Years	10 Years
Class 1	05/03/10	0.55	2.49	3.37	2.76
Class 2	05/03/10	0.37	2.15	3.12	2.50
Class 3	09/15/99	0.46	2.26	3.25	2.63
Bloomberg Barclays U.S. Mortgage-Backed Securities Index		-0.77	-0.42	2.27	2.64

**Performance data quoted represents past performance and current performance may be lower or higher. Past performance is no guarantee of future results. The investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than the original cost. For current month-end performance information, please contact your financial advisor or insurance representative.**

**Performance results reflect the effect of any fee waivers or reimbursements of fund expenses by Columbia Management Investment Advisers, LLC and/or any of its affiliates. Absent these fee waivers or expense reimbursement arrangements, performance results would have been lower.**

**Investment earnings, if any, are tax-deferred until distributed to shareholders, at which time taxes may become due. Total return performance includes changes in share price and assumes reinvestment of dividends and capital gains, if any. Performance results reflect the effect of all fund expenses, but do not include any fees and expenses imposed under your variable annuity contract and/or variable life insurance policy or qualified pension or retirement plan. If performance results included the effect of these additional charges, they would be lower.**

The Fund's performance prior to May 2013 reflects returns achieved pursuant to a different investment objective and different principal investment strategies. If the Fund's current investment objective and strategies had been in place for the prior periods, results shown may have been different.

The Bloomberg Barclays U.S. Mortgage-Backed Securities Index, an unmanaged index, includes 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA).

The "Bloomberg Barclays" indices will be re-branded as the "Bloomberg" indices effective August 24, 2021.

Indices are not available for investment, are not professionally managed and do not reflect sales charges, fees, brokerage commissions, taxes or other expenses of investing. Securities in the Fund may not match those in an index.

**Fund performance may be significantly negatively impacted by the economic impact of the COVID-19 pandemic. The COVID-19 pandemic has adversely impacted economies and capital markets around the world in ways that will likely continue and may change in unforeseen ways for an indeterminate period. The COVID-19 pandemic may exacerbate pre-existing political, social and economic risks in certain countries and globally.**

# FUND AT A GLANCE (continued)

(Unaudited)

Portfolio breakdown (%) (at June 30, 2021)	
Asset-Backed Securities – Agency	0.0 <sup>(a)</sup>
Asset-Backed Securities – Non-Agency	3.6
Commercial Mortgage-Backed Securities - Agency	4.3
Commercial Mortgage-Backed Securities - Non-Agency	5.4
Money Market Funds	2.9
Options Purchased Puts	1.0
Residential Mortgage-Backed Securities - Agency	73.7
Residential Mortgage-Backed Securities - Non-Agency	9.1
<b>Total</b>	<b>100.0</b>

(a) Rounds to zero.

Percentages indicated are based upon total investments including options purchased and excluding all other investments in derivatives, if any. The Fund's portfolio composition is subject to change.

Quality breakdown (%) (at June 30, 2021)	
AAA rating	82.7
AA rating	2.9
A rating	2.8
BBB rating	5.1
BB rating	1.5
B rating	1.3
Not rated	3.7
<b>Total</b>	<b>100.0</b>

Percentages indicated are based upon total fixed income investments.

Bond ratings apply to the underlying holdings of the Fund and not the Fund itself and are divided into categories ranging from highest to lowest credit quality, determined by using the middle rating of Moody's, S&P and Fitch, after dropping the highest and lowest available ratings. When ratings are available from only two rating agencies, the lower rating is used. When a rating is available from only one rating agency, that rating is used. If a security is not rated but has a rating by Kroll and/or DBRS, the same methodology is applied to those bonds that would otherwise be not rated. When a bond is not rated by any rating agency, it is designated as "Not rated." Credit quality ratings assigned by a rating agency are subjective opinions, not statements of fact, and are subject to change, including daily. The ratings assigned by credit rating agencies are but one of the considerations that the Investment Manager and/or Fund's subadviser incorporates into its credit analysis process, along with such other issuer-specific factors as cash flows, capital structure and leverage ratios, ability to de-leverage (repay) through free cash flow, quality of management, market positioning and access to capital, as well as such security-specific factors as the terms of the security (e.g., interest rate and time to maturity) and the amount and type of any collateral.

# UNDERSTANDING YOUR FUND'S EXPENSES

(Unaudited)

As an investor, you incur ongoing costs, which generally include management fees, distribution and/or service fees, and other fund expenses. The following information is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to help you compare these costs with the ongoing costs of investing in other mutual funds.

The information below does not reflect fees and expenses imposed under your variable annuity contract and/or variable life insurance policy (collectively, Contracts) or qualified pension and retirement plan (Qualified Plan), if any. The total fees and expenses you bear may therefore be higher than those shown below.

## Analyzing your Fund's expenses

To illustrate these ongoing costs, we have provided examples and calculated the expenses paid by investors in each share class of the Fund during the period. The actual and hypothetical information in the table is based on an initial investment of \$1,000 at the beginning of the period indicated and held for the entire period. Expense information is calculated two ways and each method provides you with different information. The amount listed in the "Actual" column is calculated using the Fund's actual operating expenses and total return for the period. You may use the Actual information, together with the amount invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the results by the expenses paid during the period under the "Actual" column. The amount listed in the "Hypothetical" column assumes a 5% annual rate of return before expenses (which is not the Fund's actual return) and then applies the Fund's actual expense ratio for the period to the hypothetical return. You should not use the hypothetical account values and expenses to estimate either your actual account balance at the end of the period or the expenses you paid during the period. See "Compare with other funds" below for details on how to use the hypothetical data.

## Compare with other funds

Since all mutual funds are required to include the same hypothetical calculations about expenses in shareholder reports, you can use this information to compare the ongoing cost of investing in the Fund with other funds. To do so, compare the hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. As you compare hypothetical examples of other funds, it is important to note that hypothetical examples are meant to highlight the ongoing costs of investing in a fund only and do not reflect any transaction costs, such as redemption or exchange fees, or expenses that apply to the subaccount or the Contract. Therefore, the hypothetical calculations are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. If the fees and expenses imposed under your Contract or Qualified Plan, if any, were included, your costs would be higher.

January 1, 2021 — June 30, 2021								
	Account value at the beginning of the period (\$)		Account value at the end of the period (\$)		Expenses paid during the period (\$)		Fund's annualized expense ratio (%)	
	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual	
Class 1	1,000.00	1,000.00	1,005.50	1,022.56	2.24	2.26	0.45	
Class 2	1,000.00	1,000.00	1,003.70	1,021.32	3.48	3.51	0.70	
Class 3	1,000.00	1,000.00	1,004.60	1,021.92	2.88	2.91	0.58	

Expenses paid during the period are equal to the annualized expense ratio for each class as indicated above, multiplied by the average account value over the period and then multiplied by the number of days in the Fund's most recent fiscal half year and divided by 365.

Expenses do not include fees and expenses incurred indirectly by the Fund from its investment in underlying funds, including affiliated and non-affiliated pooled investment vehicles, such as mutual funds and exchange-traded funds.

# PORTFOLIO OF INVESTMENTS

June 30, 2021 (Unaudited)

(Percentages represent value of investments compared to net assets)

## Investments in securities

Asset-Backed Securities — Agency 0.0%			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
United States Small Business Administration Series 2001-20H Class 1 08/01/2021	6.340%	465	466
Total Asset-Backed Securities — Agency (Cost \$464)			466

Asset-Backed Securities — Non-Agency 4.5%			
AIMCO CLO 11 Ltd. <sup>(a),(b)</sup> Series 2020-11A Class D 3-month USD LIBOR + 3.650% Floor 3.650% 10/15/2031	3.834%	2,300,000	2,302,208
Apidos CLO XXVIII <sup>(a),(b)</sup> Series 2017-28A Class B 3-month USD LIBOR + 1.700% Floor 1.700% 01/20/2031	1.888%	4,125,000	4,125,210
Carlyle Global Market Strategies CLO Ltd. <sup>(a),(b)</sup> Series 2013-1A Class BR 3-month USD LIBOR + 2.350% 08/14/2030	2.504%	1,900,000	1,900,000
Series 2013-3A Class BR 3-month USD LIBOR + 1.700% 10/15/2030	1.884%	2,750,000	2,720,638
Series 2013-4A Class BRR 3-month USD LIBOR + 1.420% Floor 1.420% 01/15/2031	1.604%	6,500,000	6,495,197
LendingClub Receivables Trust <sup>(a)</sup> Series 2019-5 Class A 12/15/2045	3.750%	2,488,177	2,526,883
Madison Park Funding Ltd. <sup>(a),(b)</sup> Series 2015-18A Class CR 3-month USD LIBOR + 1.950% 10/21/2030	2.136%	6,000,000	5,984,034
OZLM Funding IV Ltd. <sup>(a),(b)</sup> Series 2013-4A Class D2R 3-month USD LIBOR + 7.250% 10/22/2030	7.434%	2,000,000	1,980,884
OZLM Funding Ltd. <sup>(a),(b)</sup> Series 2012-1A Class DR2 3-month USD LIBOR + 6.670% 07/22/2029	6.854%	3,000,000	2,925,783
OZLM XI Ltd. <sup>(a),(b)</sup> Series 2015-11A Class A2R 3-month USD LIBOR + 1.750% 10/30/2030	1.936%	3,000,000	2,973,672

Asset-Backed Securities — Non-Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Pagaya AI Debt Selection Trust <sup>(a)</sup> Series 2019-3 Class A 11/16/2026	3.821%	1,707,645	1,728,921
Prosper Marketplace Issuance Trust <sup>(a)</sup> Series 2019-3A Class B 07/15/2025	3.590%	1,084,023	1,086,167
Subordinated Series 2017-1A Class C 06/15/2023	5.800%	20,658	20,658
Subordinated Series 2017-2A Class C 09/15/2023	5.370%	222,065	222,116
RR 3 Ltd. <sup>(a),(b)</sup> Series 2014-14A Class A2R2 3-month USD LIBOR + 1.400% Floor 1.400% 01/15/2030	1.584%	3,750,000	3,750,146
SoFi Consumer Loan Program Trust <sup>(a)</sup> Series 2018-3 Class B 08/25/2027	4.020%	3,524,164	3,569,789
Sound Point IV-R CLO Ltd. <sup>(a),(b)</sup> Series 2013-3RA Class B 3-month USD LIBOR + 1.750% Floor 1.750% 04/18/2031	1.940%	5,000,000	4,986,800
Upstart Pass-Through Trust <sup>(a)</sup> Series 2021-ST2 Class A 04/20/2027	2.500%	1,701,153	1,720,232
Total Asset-Backed Securities — Non-Agency (Cost \$51,073,082)			51,019,338

Commercial Mortgage-Backed Securities - Agency 5.4%			
Federal Home Loan Mortgage Corp. Multifamily Structured Pass-Through Certificates Series K063 Class A2 01/25/2027	3.430%	4,362,000	4,869,450
Federal National Mortgage Association <sup>(c)</sup> Series 2017-M15 Class ATS2 11/25/2027	3.196%	7,000,000	7,506,540
Series 2018-M7 Class A2 03/25/2028	3.150%	25,000,000	27,705,735
Federal National Mortgage Association Series 2017-T1 Class A 06/25/2027	2.898%	3,984,315	4,332,167
FRESB Mortgage Trust <sup>(c)</sup> Series 2018-SB45 Class A10F 11/25/2027	3.160%	5,575,425	5,928,987
Government National Mortgage Association Series 2017-190 Class AD 03/16/2060	2.600%	2,253,429	2,330,775

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

## Commercial Mortgage-Backed Securities - Agency (continued)

Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Government National Mortgage Association <sup>(c),(d)</sup> Series 2019-102 Class IB 03/16/2060	0.849%	8,025,046	574,941
Series 2019-109 Class IO 04/16/2060	0.809%	18,131,412	1,316,689
Series 2019-118 Class IO 06/16/2061	0.832%	20,037,698	1,266,635
Series 2019-131 Class IO 07/16/2061	0.898%	18,231,770	1,253,669
Series 2019-134 Class IO 08/16/2061	0.858%	13,574,612	936,280
Series 2019-139 Class IO 11/16/2061	0.709%	15,316,351	931,514
Series 2020-19 Class IO 12/16/2061	0.889%	13,424,812	1,119,131
Series 2020-3 Class IO 02/16/2062	0.800%	13,470,086	956,941
Total Commercial Mortgage-Backed Securities - Agency (Cost \$60,070,716)			<b>61,029,454</b>

## Commercial Mortgage-Backed Securities - Non-Agency 6.7%

BAMLL Commercial Mortgage Securities Trust <sup>(a),(b)</sup> Series 2018-DSNY Class A 1-month USD LIBOR + 0.851% Floor 0.850% 09/15/2034	0.923%	4,000,000	4,001,254
Braemar Hotels & Resorts Trust <sup>(a),(b)</sup> Subordinated Series 2018-PRME Class D 1-month USD LIBOR + 1.800% Floor 1.925% 06/15/2035	1.873%	3,500,000	3,396,309
CHT Mortgage Trust <sup>(a),(b)</sup> Series 2017-CSMO Class D 1-month USD LIBOR + 2.250% Floor 2.100% 11/15/2036	2.323%	8,000,000	8,010,004
Credit Suisse Mortgage Capital Certificates OA LLC <sup>(a)</sup> Subordinated Series 2014-USA Class D 09/15/2037	4.373%	3,120,000	2,993,939
Subordinated Series 2014-USA Class E 09/15/2037	4.373%	4,200,000	3,762,109
Hilton USA Trust <sup>(a),(c)</sup> Series 2016-HHV Class F 11/05/2038	4.333%	7,500,000	7,489,014
Hilton USA Trust <sup>(a)</sup> Subordinated Series 2016-SFP Class E 11/05/2035	5.519%	1,000,000	1,011,125
Subordinated Series 2016-SFP Class F 11/05/2035	6.155%	2,000,000	2,024,595

## Commercial Mortgage-Backed Securities - Non-Agency (continued)

Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Morgan Stanley Capital I Trust <sup>(a),(c)</sup> Series 2019-MEAD Class D 11/10/2036	3.283%	2,917,500	2,906,370
Oak Street Investment Grade Net Lease Fund <sup>(a)</sup> Series 2021-1A Class A2 01/20/2051	1.930%	4,945,554	4,969,034
Progress Residential Trust <sup>(a)</sup> Series 2018-SF3 Class B 10/17/2035	4.079%	8,500,000	8,543,496
Series 2020-SFR1 Class E 04/17/2037	3.032%	4,000,000	4,095,490
Series 2020-SFR3 Class B 10/17/2027	1.495%	3,000,000	2,985,717
Subordinated Series 2019-SFR2 Class E 05/17/2036	4.142%	6,000,000	6,125,396
SFO Commercial Mortgage Trust <sup>(a),(b)</sup> Series 2021-555 Class A 1-month USD LIBOR + 1.150% Floor 1.150% 05/15/2038	1.251%	5,000,000	5,006,301
UBS Commercial Mortgage Trust <sup>(a),(b)</sup> Series 2018-NYCH Class C 1-month USD LIBOR + 1.500% Floor 1.500% 02/15/2032	1.573%	2,500,000	2,506,853
Series 2018-NYCH Class D 1-month USD LIBOR + 2.100% Floor 2.100% 02/15/2032	2.173%	3,050,000	3,013,857
Wells Fargo Commercial Mortgage Trust <sup>(a),(b)</sup> Subordinated Series 2017-SMP Class D 1-month USD LIBOR + 1.775% Floor 1.650% 12/15/2034	1.848%	3,000,000	2,983,042
Total Commercial Mortgage-Backed Securities - Non-Agency (Cost \$74,094,223)			<b>75,823,905</b>

## Residential Mortgage-Backed Securities - Agency 91.7%

Federal Home Loan Mortgage Corp. 10/01/2023-			
10/01/2040	5.000%	3,871,854	4,441,587
08/01/2035	2.000%	22,046,079	22,818,700
08/01/2041-			
06/01/2048	4.500%	9,699,977	10,562,281
10/01/2041-			
11/01/2048	4.000%	36,747,452	40,237,209
07/01/2042-			
04/01/2047	3.500%	45,757,005	49,667,324
11/01/2042-			
02/01/2050	3.000%	67,049,700	70,683,543
02/01/2051	2.500%	14,560,724	15,240,022

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

Residential Mortgage-Backed Securities - Agency (continued)				Residential Mortgage-Backed Securities - Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Federal Home Loan Mortgage Corp. <sup>(b)</sup> 12-month USD LIBOR + 1.618% Cap 10.975% 01/01/2037	1.996%	53,232	56,181	CMO STRIPS Series 309 Class S4 -1.0 x 1-month USD LIBOR + 5.970% Cap 5.970% 08/15/2043	5.897%	3,174,406	688,280
12-month USD LIBOR + 1.910% Cap 10.449% 09/01/2037	2.416%	59,640	63,287	CMO STRIPS Series 326 Class S1 -1.0 x 1-month USD LIBOR + 6.000% Cap 6.000% 03/15/2044	5.927%	1,386,343	255,055
Federal Home Loan Mortgage Corp. <sup>(b),(d)</sup> CMO Series 264 Class S1 -1.0 x 1-month USD LIBOR + 5.950% Cap 5.950% 07/15/2042	5.877%	5,527,694	1,082,036	Federal Home Loan Mortgage Corp. <sup>(d)</sup> CMO Series 266 07/15/2042	4.000%	3,530,754	572,684
CMO Series 318 Class S1 -1.0 x 1-month USD LIBOR + 5.950% Cap 5.950% 11/15/2043	5.877%	10,803,269	2,246,076	CMO Series 267 08/15/2042	4.000%	2,593,944	448,025
CMO Series 4174 Class SB -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 05/15/2039	6.127%	1,173,148	24,236	CMO Series 4120 Class AI 11/15/2039	3.500%	831,916	23,772
CMO Series 4183 Class AS -1.0 x 1-month USD LIBOR + 6.150% Cap 6.150% 04/15/2039	6.077%	1,283,636	53,952	CMO Series 4122 Class JI 12/15/2040	4.000%	1,431,263	85,444
CMO Series 4286 Class NS -1.0 x 1-month USD LIBOR + 5.900% Cap 5.900% 12/15/2043	5.827%	3,489,433	716,172	CMO Series 4139 Class CI 05/15/2042	3.500%	1,659,750	181,097
CMO Series 4594 Class SA -1.0 x 1-month USD LIBOR + 5.950% Cap 5.950% 06/15/2046	5.877%	8,051,976	1,662,542	CMO Series 4147 Class CI 01/15/2041	3.500%	3,761,129	210,089
CMO Series 4965 Class KS 1-month USD LIBOR + 5.850% Cap 5.850% 04/25/2050	5.759%	4,562,935	849,562	CMO Series 4148 Class BI 02/15/2041	4.000%	691,751	32,296
CMO Series 4987 Class KS -1.0 x 1-month USD LIBOR + 6.080% Cap 6.080% 06/25/2050	5.989%	8,272,482	1,996,788	CMO Series 4177 Class IY 03/15/2043	4.000%	5,929,732	953,322
CMO Series 4993 Class MS -1.0 x 1-month USD LIBOR + 6.050% Cap 6.050% 07/25/2050	5.959%	9,620,828	2,665,211	CMO Series 4182 Class DI 05/15/2039	3.500%	772,969	8,753
				CMO Series 4213 Class DI 06/15/2038	3.500%	103,030	23
				Federal Home Loan Mortgage Corp. <sup>(c),(d)</sup> CMO Series 4068 Class GI 09/15/2036	1.924%	2,891,676	194,209
				Federal Home Loan Mortgage Corp. REMIC <sup>(b),(d)</sup> CMO Series 4999 Class SA -1.0 x 1-month USD LIBOR + 6.150% Cap 6.150% 06/25/2050	6.059%	16,588,064	3,507,462
				Federal National Mortgage Association 02/01/2022- 12/01/2037	5.000%	8,069,433	9,240,645
				08/01/2022	6.000%	145	162
				09/01/2023- 11/01/2023	5.500%	477,383	493,931
				03/01/2027- 12/01/2050	2.500%	38,326,351	40,057,653
				03/01/2027- 07/01/2048	3.500%	83,455,656	89,769,698

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

Residential Mortgage-Backed Securities - Agency (continued)				Residential Mortgage-Backed Securities - Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
05/01/2027-11/01/2050	3.000%	112,786,251	119,477,152	CMO Series 2013-41 Class IY 05/25/2040	3.500%	3,769,695	146,954
06/01/2036-05/01/2051	2.000%	77,043,208	78,488,078	CMO Series 2013-6 Class MI 02/25/2040	3.500%	1,860,226	79,853
05/01/2039-08/01/2047	4.500%	5,348,522	5,885,742	CMO Series 2020-55 Class MI 08/25/2050	2.500%	13,655,326	2,225,611
11/01/2043-06/01/2048	4.000%	36,266,854	39,384,225	CMO Series 2021-3 Class TI 02/25/2051	2.500%	24,138,382	4,145,045
CMO Series 2017-72 Class B 09/25/2047	3.000%	3,873,489	4,106,842	Federal National Mortgage Association <sup>(b),(d)</sup> CMO Series 2012-80 Class DS -1.0 x 1-month USD LIBOR + 6.650% Cap 6.650% 06/25/2039	6.559%	61,487	465
Federal National Mortgage Association <sup>(b)</sup> 6-month USD LIBOR + 1.383% Floor 1.383%, Cap 9.383% 02/01/2033	1.633%	14,308	14,477	CMO Series 2012-99 Class SL -1.0 x 1-month USD LIBOR + 6.620% Cap 6.620% 09/25/2042	6.529%	6,584,490	1,756,263
6-month USD LIBOR + 1.413% Floor 1.413%, Cap 10.038% 07/01/2033	1.663%	2,759	2,778	CMO Series 2014-93 Class ES -1.0 x 1-month USD LIBOR + 6.150% Cap 6.150% 01/25/2045	6.059%	3,671,095	724,228
12-month USD LIBOR + 1.715% Floor 1.715%, Cap 9.167% 12/01/2033	2.090%	2,491	2,588	CMO Series 2016-37 Class SA -1.0 x 1-month USD LIBOR + 5.850% Cap 5.850% 06/25/2046	5.759%	4,789,657	1,031,990
12-month USD LIBOR + 1.589% Floor 1.589%, Cap 9.164% 06/01/2034	1.839%	16,809	16,827	CMO Series 2016-42 Class SB -1.0 x 1-month USD LIBOR + 6.000% Cap 6.000% 07/25/2046	5.909%	12,298,936	2,664,667
Federal National Mortgage Association <sup>(c)</sup> CMO Series 2003-W11 Class A1 06/25/2033	3.083%	664	675	CMO Series 2017-3 Class SA -1.0 x 1-month USD LIBOR + 6.000% Cap 6.000% 02/25/2047	5.909%	8,828,054	1,937,530
Federal National Mortgage Association <sup>(c),(d)</sup> CMO Series 2006-5 Class N1 08/25/2034	0.000%	2,664,538	3	CMO Series 2017-51 Class SC -1.0 x 1-month USD LIBOR + 6.150% Cap 6.150% 07/25/2047	6.059%	9,590,264	2,333,421
Federal National Mortgage Association <sup>(d)</sup> CMO Series 2012-118 Class BI 12/25/2039	3.500%	1,604,973	38,997	CMO Series 2017-72 Class S -1.0 x 1-month USD LIBOR + 3.950% Cap 2.750% 09/25/2047	2.750%	23,081,134	2,414,427
CMO Series 2012-129 Class IC 01/25/2041	3.500%	2,505,089	142,929				
CMO Series 2012-133 Class EI 07/25/2031	3.500%	728,085	31,598				
CMO Series 2012-134 Class AI 07/25/2040	3.500%	3,031,559	141,912				
CMO Series 2012-144 Class HI 07/25/2042	3.500%	1,512,887	166,798				
CMO Series 2012-40 Class IP 09/25/2040	4.000%	5,313,462	370,530				
CMO Series 2013-1 Class AI 02/25/2043	3.500%	1,496,201	203,223				
CMO Series 2013-1 Class BI 02/25/2040	3.500%	1,899,725	90,337				
CMO Series 2013-10 Class AI 11/25/2041	3.500%	5,932,492	445,509				
CMO Series 2013-16 01/25/2040	3.500%	2,330,040	148,459				

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

Residential Mortgage-Backed Securities - Agency (continued)				Residential Mortgage-Backed Securities - Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)	Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
CMO Series 2017-90 Class SP -1.0 x 1-month USD LIBOR + 6.150% Cap 6.150% 11/25/2047	6.059%	5,134,503	1,232,223	CMO Series 2021-1 Class IB 01/20/2051	2.500%	13,728,548	1,847,265
CMO Series 2019-33 Class SB -1.0 x 1-month USD LIBOR + 6.050% Cap 6.050% 07/25/2049	5.959%	15,879,794	2,875,935	CMO Series 2021-1 Class QI 01/20/2051	2.500%	15,648,894	2,245,741
CMO Series 2019-34 Class SM -1.0 x 1-month USD LIBOR + 6.050% Cap 6.050% 07/25/2049	5.959%	13,297,864	2,991,842	CMO Series 2021-27 Class IN 02/20/2051	2.500%	9,524,227	1,187,008
CMO Series 2020-40 Class LS -1.0 x 1-month USD LIBOR + 6.080% Cap 6.080% 06/25/2050	5.989%	10,976,542	3,026,987	CMO Series 2021-67 Class GI 04/20/2051	3.000%	14,757,130	2,194,691
Government National Mortgage Association 08/20/2040	5.000%	2,576,976	2,919,738	CMO Series 2021-8 Class IO 01/20/2051	3.000%	26,053,914	4,282,544
07/20/2041	4.500%	3,500,420	3,871,284	CMO Series 2021-9 Class DI 01/20/2051	2.500%	12,805,507	1,827,817
04/20/2051- 05/20/2051	2.500%	25,910,592	26,850,485	CMO Series 2021-9 Class MI 01/20/2051	2.500%	16,703,974	2,168,353
Government National Mortgage Association <sup>(e)</sup> 04/20/2048	4.500%	8,875,551	9,519,894	Government National Mortgage Association <sup>(b),(d)</sup> CMO Series 2014-131 Class BS -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 09/16/2044	6.125%	2,378,207	564,148
Government National Mortgage Association <sup>(d)</sup> CMO Series 2012-121 Class PI 09/16/2042	4.500%	2,418,805	391,241	CMO Series 2017-170 Class QS -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 11/20/2047	6.107%	5,421,005	1,302,053
CMO Series 2012-129 Class AI 08/20/2037	3.000%	1,744,114	55,406	CMO Series 2018-1 Class SA -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 01/20/2048	6.107%	3,912,348	743,280
CMO Series 2014-131 Class EI 09/16/2039	4.000%	3,263,731	218,911	CMO Series 2018-105 Class SA -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 08/20/2048	6.107%	4,934,571	840,856
CMO Series 2019-129 Class AI 10/20/2049	3.500%	9,641,752	1,123,204	CMO Series 2018-139 Class KS -1.0 x 1-month USD LIBOR + 6.150% Cap 6.150% 10/20/2048	6.057%	7,770,952	1,795,332
CMO Series 2020-104 Class IY 07/20/2050	3.000%	13,506,524	1,918,945	CMO Series 2018-155 Class LS -1.0 x 1-month USD LIBOR + 6.150% Cap 6.150% 11/20/2048	6.057%	7,062,653	1,247,121
CMO Series 2020-138 Class JI 09/20/2050	2.500%	21,481,364	2,700,424	CMO Series 2018-21 Class WS -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 02/20/2048	6.107%	5,795,759	1,290,460
CMO Series 2020-144 Class KI 09/20/2050	2.500%	9,542,950	1,287,640				
CMO Series 2020-175 Class KI 11/20/2050	2.500%	14,703,239	2,140,709				
CMO Series 2020-185 Class KI 12/20/2050	2.500%	23,093,326	3,184,445				
CMO Series 2020-191 Class UC 12/20/2050	4.000%	14,433,831	2,442,855				

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

Residential Mortgage-Backed Securities - Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
CMO Series 2018-40 Class SC -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 03/20/2048	6.107%	3,295,849	702,948
CMO Series 2018-63 Class HS -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 04/20/2048	6.107%	4,191,574	892,553
CMO Series 2018-94 Class SA -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 05/20/2048	6.107%	6,096,861	1,370,454
CMO Series 2018-97 Class MS -1.0 x 1-month USD LIBOR + 6.200% Cap 6.200% 07/20/2048	6.107%	5,482,940	1,371,398
CMO Series 2019-23 Class SQ -1.0 x 1-month USD LIBOR + 6.050% Cap 6.050% 02/20/2049	5.957%	4,930,568	1,205,521
CMO Series 2019-43 Class SE -1.0 x 1-month USD LIBOR + 6.100% Cap 6.100% 04/20/2049	6.007%	10,599,431	1,904,147
CMO Series 2019-52 Class AS -1.0 x 1-month USD LIBOR + 6.050% Cap 6.050% 04/16/2049	5.975%	9,693,128	2,680,877
CMO Series 2019-92 Class SD -1.0 x 1-month USD LIBOR + 6.100% Cap 6.100% 07/20/2049	6.007%	26,178,464	4,984,916
CMO Series 2020-104 Class SA -1.0 x 1-month USD LIBOR + 6.200% 07/20/2050	6.107%	11,335,968	2,113,225
CMO Series 2020-133 Class SK -1.0 x 1-month USD LIBOR + 6.300% Cap 6.300% 09/20/2050	6.207%	19,982,085	4,675,128

Residential Mortgage-Backed Securities - Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
Government National Mortgage Association TBA <sup>(f)</sup> 07/21/2051	2.000%	20,000,000	20,385,938
07/21/2051	2.500%	25,000,000	25,877,930
07/21/2051	3.000%	35,000,000	36,514,844
Uniform Mortgage-Backed Security TBA <sup>(f)</sup> 07/19/2036- 07/14/2051	2.500%	128,000,000	132,785,938
07/14/2051	2.000%	33,000,000	33,364,805
07/14/2051	3.500%	9,000,000	9,475,488
07/14/2051	4.000%	21,000,000	22,367,461
Total Residential Mortgage-Backed Securities - Agency (Cost \$1,029,011,718)			1,035,371,850

Residential Mortgage-Backed Securities - Non-Agency 11.4%			
American Mortgage Trust <sup>(c),(g),(h)</sup> CMO Series 2093-3 Class 3A 07/27/2023	8.188%	21	13
Bellemeade Re Ltd. <sup>(a),(b)</sup> CMO Series 2018-1A Class M1B 1-month USD LIBOR + 1.600% 04/25/2028	1.692%	3,938,994	3,941,528
CMO Series 2018-3A Class M1B 1-month USD LIBOR + 1.850% Floor 1.850% 10/25/2028	1.942%	4,638,632	4,650,891
BVRT Financing Trust <sup>(a),(b)</sup> CMO Series 2021-1F Class M1 30-day Average SOFR + 1.550% Floor 1.550% 03/15/2038	1.560%	1,599,665	1,599,773
CMO Series 2021-1F Class M2 30-day Average SOFR + 2.050% Floor 2.050% 03/15/2038	2.060%	3,800,000	3,800,309
BVRT Financing Trust <sup>(a),(b),(g),(h)</sup> CMO Series 2021-CRT1 Class M1 1-month USD LIBOR + 1.750% Floor 1.750% 01/10/2033	1.827%	4,957,317	4,960,416
CMO Series 2021-CRT1 Class M3 1-month USD LIBOR + 2.750% Floor 3.000% 01/10/2033	3.000%	9,600,000	9,624,000
CHL GMSR Issuer Trust <sup>(a),(b)</sup> CMO Series 2018-GT1 Class A 1-month USD LIBOR + 1.000% 05/25/2023	2.842%	4,000,000	4,007,431
Citigroup Mortgage Loan Trust, Inc. <sup>(a),(c)</sup> CMO Series 2014-A Class B2 01/25/2035	5.503%	1,417,060	1,499,248

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

Residential Mortgage-Backed Securities - Non-Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
CMO Series 2014-C Class A 02/25/2054	3.250%	28,403	28,369
Citigroup Mortgage Loan Trust, Inc. <sup>(a)</sup> CMO Series 2015-RP2 Class B2 01/25/2053	4.250%	2,786,929	2,916,654
Credit Suisse Mortgage Capital Certificates <sup>(a),(c)</sup> CMO Series 2014-2R Class 17A2 04/27/2037	2.682%	390,643	387,578
Credit Suisse Mortgage Trust <sup>(a),(c)</sup> CMO Series 2021-NQM1 Class A2 05/25/2065	0.994%	2,606,009	2,596,404
Ellington Financial Mortgage Trust <sup>(a),(c)</sup> CMO Series 2019-2 Class M1 11/25/2059	3.469%	1,200,000	1,225,192
Federal Home Loan Mortgage Corp. Structured Agency Credit Risk Debt Notes <sup>(b)</sup> CMO Series 2014-DN3 Class M3 1-month USD LIBOR + 4.000% 08/25/2024	4.092%	3,904,334	3,982,717
Freddie Mac Structured Agency Credit Risk Debt Notes <sup>(b)</sup> CMO Series 2014-DN4 Class M3 1-month USD LIBOR + 4.550% 10/25/2024	4.642%	5,527,249	5,624,604
GCAT LLC <sup>(a),(c)</sup> CMO Series 2021-CM1 Class A1 04/25/2065	1.469%	2,542,284	2,537,251
Homeward Opportunities Fund I Trust <sup>(a)</sup> CMO Series 2018-2 Class M1 11/25/2058	4.747%	3,875,000	3,931,640
Homeward Opportunities Fund I Trust <sup>(a),(c)</sup> CMO Series 2019-3 Class M1 11/25/2059	3.518%	3,100,000	3,167,073
Legacy Mortgage Asset Trust <sup>(a),(c)</sup> CMO Series 2021-GS1 Class A1 10/25/2066	1.892%	4,800,337	4,794,022
New Residential Mortgage Loan Trust <sup>(a),(c),(d)</sup> CMO Series 2014-1A Class AIO 01/25/2054	2.328%	13,523,098	697,132
PMT Credit Risk Transfer Trust <sup>(a),(b)</sup> CMO Series 2019-1R Class A 1-month USD LIBOR + 2.000% Floor 2.000% 03/27/2024	2.096%	2,753,276	2,729,183
PNMAC GMSR Issuer Trust <sup>(a),(b)</sup> CMO Series 2018-GT1 Class A 1-month USD LIBOR + 2.850% Floor 2.850% 02/25/2023	2.942%	11,500,000	11,521,380
CMO Series 2018-GT2 Class A 1-month USD LIBOR + 2.650% 08/25/2025	2.742%	10,500,000	10,483,892

Residential Mortgage-Backed Securities - Non-Agency (continued)			
Issuer	Coupon Rate	Principal Amount (\$)	Value (\$)
PRPM LLC <sup>(a),(c)</sup> CMO Series 2020-1A Class A1 02/25/2025	2.981%	10,280,616	10,368,716
Radnor Re Ltd. <sup>(a),(b)</sup> CMO Series 2019-2 Class M1B 1-month USD LIBOR + 1.750% Floor 1.750% 06/25/2029	1.842%	3,000,000	3,031,848
CMO Series 2020-1 Class M1B 1-month USD LIBOR + 1.450% Floor 1.450% 02/25/2030	1.542%	3,750,000	3,747,339
RBSSP Resecuritization Trust <sup>(a),(c)</sup> CMO Series 2012-1 Class 5A2 12/27/2035	2.966%	583,940	582,800
RCO V Mortgage LLC <sup>(a),(c)</sup> CMO Series 2019-2 Class A1 11/25/2024	3.475%	6,813,984	6,829,607
Station Place Securitization Trust <sup>(a),(b)</sup> Subordinated CMO Series 2021-WL1 Class B 1-month USD LIBOR + 0.850% Floor 0.850% 01/26/2054	0.979%	5,000,000	4,997,642
Toorak Mortgage Corp., Ltd. <sup>(a),(c)</sup> CMO Series 2018-1 Class A1 08/25/2021	4.336%	1,689,127	1,690,639
VCAT LLC <sup>(a),(c)</sup> CMO Series 2021-NPL1 Class A1 12/26/2050	2.289%	6,457,777	6,475,106
Total Residential Mortgage-Backed Securities - Non-Agency (Cost \$126,272,321)			128,430,397

Options Purchased Puts 1.2%	
	Value (\$)
(Cost \$6,564,250)	13,332,745

Money Market Funds 3.6%		
	Shares	Value (\$)
Columbia Short-Term Cash Fund, 0.051% <sup>(i),(j)</sup>	40,148,322	40,144,308
Total Money Market Funds (Cost \$40,144,308)		40,144,308
Total Investments in Securities (Cost: \$1,387,231,082)		1,405,152,463
Other Assets & Liabilities, Net		(276,411,816)
Net Assets		1,128,740,647

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

At June 30, 2021, securities and/or cash totaling \$7,011,515 were pledged as collateral.

## Investments in derivatives

Long futures contracts						
Description	Number of contracts	Expiration date	Trading currency	Notional amount	Value/Unrealized appreciation (\$)	Value/Unrealized depreciation (\$)
U.S. Treasury 10-Year Note	2,160	09/2021	USD	286,200,000	2,038,485	–
U.S. Treasury 2-Year Note	11	09/2021	USD	2,423,523	–	(3,459)
U.S. Treasury 5-Year Note	37	09/2021	USD	4,566,898	–	(6,934)
Total					2,038,485	(10,393)

  

Short futures contracts						
Description	Number of contracts	Expiration date	Trading currency	Notional amount	Value/Unrealized appreciation (\$)	Value/Unrealized depreciation (\$)
U.S. Long Bond	(13)	09/2021	USD	(2,089,750)	–	(66,044)

  

Put option contracts purchased								
Description	Counterparty	Trading currency	Notional amount	Number of contracts	Exercise price/Rate	Expiration date	Cost (\$)	Value (\$)
10-Year OTC interest rate swap with Citi to receive 3-Month USD LIBOR BBA and pay exercise rate	Citi	USD	60,000,000	60,000,000	1.00	09/30/2021	1,044,000	2,768,058
10-Year OTC interest rate swap with Citi to receive 3-Month USD LIBOR BBA and pay exercise rate	Citi	USD	150,000,000	150,000,000	1.25	11/16/2021	2,100,000	4,518,930
10-Year OTC interest rate swap with Citi to receive 3-Month USD LIBOR BBA and pay exercise rate	Citi	USD	68,000,000	68,000,000	1.25	12/03/2021	1,054,000	2,151,697
10-Year OTC interest rate swap with Morgan Stanley to receive 3-Month USD LIBOR BBA and pay exercise rate	Morgan Stanley	USD	100,000,000	100,000,000	1.25	01/05/2022	1,710,000	3,412,160
5-Year OTC interest rate swap with Morgan Stanley to receive 3-Month USD LIBOR BBA and pay exercise rate	Morgan Stanley	USD	62,500,000	62,500,000	1.50	05/20/2022	656,250	481,900
Total							6,564,250	13,332,745

  

Call option contracts written								
Description	Counterparty	Trading currency	Notional amount	Number of contracts	Exercise price/Rate	Expiration date	Premium received (\$)	Value (\$)
10-Year OTC interest rate swap with Morgan Stanley to receive 3-Month USD LIBOR BBA and pay exercise rate	Morgan Stanley	USD	(25,000,000)	(25,000,000)	1.70	10/01/2021	(345,625)	(695,513)

  

Put option contracts written								
Description	Counterparty	Trading currency	Notional amount	Number of contracts	Exercise price/Rate	Expiration date	Premium received (\$)	Value (\$)
10-Year OTC interest rate swap with Citi to receive exercise rate and pay 3-Month USD LIBOR BBA	Citi	USD	(25,000,000)	(25,000,000)	2.20	03/17/2022	(467,500)	(133,780)

  

Cleared interest rate swap contracts											
Fund receives	Fund pays	Payment frequency	Counterparty	Maturity date	Notional currency	Notional amount	Value (\$)	Upfront payments (\$)	Upfront receipts (\$)	Unrealized appreciation (\$)	Unrealized depreciation (\$)
3-Month USD LIBOR	Fixed rate of 1.635%	Receives Quarterly, Pays SemiAnnually	Morgan Stanley	03/18/2031	USD	33,000,000	(790,723)	–	–	–	(790,723)

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

Credit default swap contracts - sell protection													
Reference entity	Counterparty	Maturity date	Receive fixed rate (%)	Payment frequency	Implied credit spread (%)*	Notional currency	Notional amount	Value (\$)	Periodic payments receivable (payable) (\$)	Upfront payments (\$)	Upfront receipts (\$)	Unrealized appreciation (\$)	Unrealized depreciation (\$)
Markit CMBX North America Index, Series 10 BBB-	Citi	11/17/2059	3.000	Monthly	4.921	USD	5,000,000	(440,625)	2,500	-	(954,992)	516,867	-
Markit CMBX North America Index, Series 10 BBB-	JPMorgan	11/17/2059	3.000	Monthly	4.921	USD	5,000,000	(440,625)	2,500	-	(880,590)	442,465	-
Markit CMBX North America Index, Series 11 BBB-	JPMorgan	11/18/2054	3.000	Monthly	3.623	USD	1,300,000	(44,281)	650	-	(198,301)	154,670	-
Markit CMBX North America Index, Series 10 BBB-	Morgan Stanley	11/17/2059	3.000	Monthly	4.921	USD	3,000,000	(264,375)	1,500	-	(694,036)	431,161	-
Markit CMBX North America Index, Series 10 BBB-	Morgan Stanley	11/17/2059	3.000	Monthly	4.921	USD	2,500,000	(220,313)	1,250	-	(419,316)	200,253	-
Markit CMBX North America Index, Series 11 BBB-	Morgan Stanley	11/18/2054	3.000	Monthly	3.623	USD	10,000,000	(340,625)	5,000	-	(1,966,048)	1,630,423	-
Markit CMBX North America Index, Series 7 BBB-	Morgan Stanley	01/17/2047	3.000	Monthly	11.999	USD	2,500,000	(445,703)	1,250	-	(141,978)	-	(302,475)
Total								(2,196,547)	14,650	-	(5,255,261)	3,375,839	(302,475)

\* Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Reference index and values for swap contracts as of period end		
Reference index		Reference rate
3-Month USD LIBOR	London Interbank Offered Rate	0.146%

## Notes to Portfolio of Investments

- Represents privately placed and other securities and instruments exempt from Securities and Exchange Commission registration (collectively, private placements), such as Section 4(a)(2) and Rule 144A eligible securities, which are often sold only to qualified institutional buyers. At June 30, 2021, the total value of these securities amounted to \$245,666,306, which represents 21.76% of total net assets.
- Variable rate security. The interest rate shown was the current rate as of June 30, 2021.
- Variable or floating rate security, the interest rate of which adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. The interest rate shown was the current rate as of June 30, 2021.
- Represents interest only securities which have the right to receive the monthly interest payments on an underlying pool of mortgage loans.
- This security or a portion of this security has been pledged as collateral in connection with derivative contracts.
- Represents a security purchased on a when-issued basis.
- Represents fair value as determined in good faith under procedures approved by the Board of Trustees. At June 30, 2021, the total value of these securities amounted to \$14,584,429, which represents 1.29% of total net assets.
- Valuation based on significant unobservable inputs.
- The rate shown is the seven-day current annualized yield at June 30, 2021.

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

## Notes to Portfolio of Investments (continued)

- (j) As defined in the Investment Company Act of 1940, as amended, an affiliated company is one in which the Fund owns 5% or more of the company's outstanding voting securities, or a company which is under common ownership or control with the Fund. The value of the holdings and transactions in these affiliated companies during the period ended June 30, 2021 are as follows:

Affiliated Issuers	Beginning of period(\$)	Purchases(\$)	Sales(\$)	Net change in unrealized appreciation (depreciation)(\$)	End of period(\$)	Realized gain (loss)(\$)	Dividends(\$)	End of period shares
Columbia Short-Term Cash Fund, 0.051%	67,708,216	286,156,851	(313,720,759)	–	40,144,308	–	17,034	40,148,322

## Abbreviation Legend

CMO	Collateralized Mortgage Obligation
LIBOR	London Interbank Offered Rate
SOFR	Secured Overnight Financing Rate
STRIPS	Separate Trading of Registered Interest and Principal Securities
TBA	To Be Announced

## Currency Legend

USD US Dollar

## Fair value measurements

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund's assumptions about the information market participants would use in pricing an investment. An investment's level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset's or liability's fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

- Level 1 – Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date. Valuation adjustments are not applied to Level 1 investments.
- Level 2 – Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).
- Level 3 – Valuations based on significant unobservable inputs (including the Fund's own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Investment Manager, along with any other relevant factors in the calculation of an investment's fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models may rely on one or more significant unobservable inputs and/or significant assumptions by the Investment Manager. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

Under the direction of the Fund's Board of Trustees (the Board), the Investment Manager's Valuation Committee (the Committee) is responsible for overseeing the valuation procedures approved by the Board. The Committee consists of voting and non-voting members from various groups within the Investment Manager's organization, including operations and accounting, trading and investments, compliance, risk management and legal.

The Committee meets at least monthly to review and approve valuation matters, which may include a description of specific valuation determinations, data regarding pricing information received from approved pricing vendors and brokers and the results of Board-approved valuation control policies and procedures (the Policies). The Policies address, among other things, instances when market quotations are or are not readily available, including recommendations of third party pricing vendors and a determination of appropriate pricing methodologies; events that require specific valuation determinations and assessment of fair value techniques; securities with a potential for stale pricing, including those that are illiquid, restricted, or in default; and the effectiveness of third party pricing vendors, including periodic reviews of vendors. The Committee meets more frequently, as needed, to discuss additional valuation matters, which may include the need to review back-testing results, review time-sensitive information or approve related valuation actions. The Committee reports to the Board, with members of the Committee meeting with the Board at each of its regularly scheduled meetings to discuss valuation matters and actions during the period, similar to those described earlier.

The accompanying Notes to Financial Statements are an integral part of this statement.

# PORTFOLIO OF INVESTMENTS (continued)

June 30, 2021 (Unaudited)

## Fair value measurements (continued)

The following table is a summary of the inputs used to value the Fund's investments at June 30, 2021:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Investments in Securities</b>				
Asset-Backed Securities – Agency	–	466	–	466
Asset-Backed Securities – Non-Agency	–	51,019,338	–	51,019,338
Commercial Mortgage-Backed Securities - Agency	–	61,029,454	–	61,029,454
Commercial Mortgage-Backed Securities - Non-Agency	–	75,823,905	–	75,823,905
Residential Mortgage-Backed Securities - Agency	–	1,035,371,850	–	1,035,371,850
Residential Mortgage-Backed Securities - Non-Agency	–	113,845,968	14,584,429	128,430,397
Options Purchased Puts	–	13,332,745	–	13,332,745
Money Market Funds	40,144,308	–	–	40,144,308
<b>Total Investments in Securities</b>	<b>40,144,308</b>	<b>1,350,423,726</b>	<b>14,584,429</b>	<b>1,405,152,463</b>
<b>Investments in Derivatives</b>				
<b>Asset</b>				
Futures Contracts	2,038,485	–	–	2,038,485
Swap Contracts	–	3,375,839	–	3,375,839
<b>Liability</b>				
Futures Contracts	(76,437)	–	–	(76,437)
Options Contracts Written	–	(829,293)	–	(829,293)
Swap Contracts	–	(1,093,198)	–	(1,093,198)
<b>Total</b>	<b>42,106,356</b>	<b>1,351,877,074</b>	<b>14,584,429</b>	<b>1,408,567,859</b>

See the Portfolio of Investments for all investment classifications not indicated in the table.

The Fund's assets assigned to the Level 2 input category are generally valued using the market approach, in which a security's value is determined through reference to prices and information from market transactions for similar or identical assets.

Futures contracts and swap contracts are valued at unrealized appreciation (depreciation).

The following table is a reconciliation of Level 3 assets for which significant observable and unobservable inputs were used to determine fair value:

	Balance as of 12/31/2020 (\$)	Increase (decrease) in accrued discounts/premiums (\$)	Realized gain (loss) (\$)	Change in unrealized appreciation (depreciation) <sup>(a)</sup> (\$)	Purchases (\$)	Sales (\$)	Transfers into Level 3 (\$)	Transfers out of Level 3 (\$)	Balance as of 06/30/2021 (\$)
Residential Mortgage-Backed Securities – Non-Agency	31	–	–	84,432	14,742,677	(242,711)	–	–	14,584,429

(a) Change in unrealized appreciation (depreciation) relating to securities held at June 30, 2021 was \$84,432, which is comprised of Residential Mortgage-Backed Securities – Non-Agency of \$84,432.

The Fund's assets assigned to the Level 3 category are valued utilizing the valuation technique deemed the most appropriate in the circumstances. Certain residential mortgage-backed securities classified as Level 3 securities are valued using the market approach. To determine fair value for these securities, management considered various factors which may have included, but were not limited to, estimated cash flows of the securities, single market quotations, observable transactions for identical or similar assets in the market and the distressed nature of the security. The appropriateness of fair values for these securities is monitored on an ongoing basis which may include results of back testing, manual price reviews and other control procedures. Significant increases (decreases) to any of these inputs would have resulted in a significantly higher (lower) fair value measurement.

The accompanying Notes to Financial Statements are an integral part of this statement.

# STATEMENT OF ASSETS AND LIABILITIES

June 30, 2021 (Unaudited)

Assets	
Investments in securities, at value	
Unaffiliated issuers (cost \$1,340,522,524)	\$1,351,675,410
Affiliated issuers (cost \$40,144,308)	40,144,308
Options purchased (cost \$6,564,250)	13,332,745
Cash	71
Cash collateral held at broker for:	
Swap contracts	1,090,000
TBA	458,000
Margin deposits on:	
Swap contracts	1,661,919
Unrealized appreciation on swap contracts	3,375,839
Receivable for:	
Investments sold	528
Capital shares sold	171,147
Dividends	1,641
Interest	3,903,727
Variation margin for futures contracts	508,820
Prepaid expenses	18,041
<b>Total assets</b>	<b>1,416,342,196</b>
Liabilities	
Option contracts written, at value (premiums received \$813,125)	829,293
Unrealized depreciation on swap contracts	302,475
Upfront receipts on swap contracts	5,255,261
Payable for:	
Investments purchased on a delayed delivery basis	280,804,912
Capital shares purchased	89,914
Variation margin for futures contracts	8,531
Variation margin for swap contracts	116,406
Management services fees	13,181
Distribution and/or service fees	530
Service fees	10,791
Compensation of board members	132,718
Compensation of chief compliance officer	120
Other expenses	37,417
<b>Total liabilities</b>	<b>287,601,549</b>
<b>Net assets applicable to outstanding capital stock</b>	<b>\$1,128,740,647</b>
Represented by	
Paid in capital	1,068,078,182
Total distributable earnings (loss)	60,662,465
<b>Total - representing net assets applicable to outstanding capital stock</b>	<b>\$1,128,740,647</b>
Class 1	
Net assets	\$1,004,171,189
Shares outstanding	92,240,267
Net asset value per share	\$10.89
Class 2	
Net assets	\$30,341,907
Shares outstanding	2,798,758
Net asset value per share	\$10.84
Class 3	
Net assets	\$94,227,551
Shares outstanding	8,661,423
Net asset value per share	\$10.88

The accompanying Notes to Financial Statements are an integral part of this statement.

# STATEMENT OF OPERATIONS

Six Months Ended June 30, 2021 (Unaudited)

<b>Net investment income</b>	
Income:	
Dividends – affiliated issuers	\$17,034
Interest	13,208,608
<b>Total income</b>	<b>13,225,642</b>
Expenses:	
Management services fees	2,382,922
Distribution and/or service fees	
Class 2	37,497
Class 3	59,975
Service fees	54,223
Compensation of board members	33,762
Custodian fees	13,892
Printing and postage fees	7,768
Audit fees	19,588
Legal fees	11,606
Interest on collateral	6,353
Compensation of chief compliance officer	101
Other	6,294
<b>Total expenses</b>	<b>2,633,981</b>
<b>Net investment income</b>	<b>10,591,661</b>
<b>Realized and unrealized gain (loss) – net</b>	
Net realized gain (loss) on:	
Investments – unaffiliated issuers	(2,913,483)
Futures contracts	(2,929,805)
Options purchased	(290,000)
Swap contracts	528,846
<b>Net realized loss</b>	<b>(5,604,442)</b>
Net change in unrealized appreciation (depreciation) on:	
Investments – unaffiliated issuers	(8,980,280)
Futures contracts	1,723,359
Options purchased	7,096,466
Options contracts written	(16,168)
Swap contracts	249,075
<b>Net change in unrealized appreciation (depreciation)</b>	<b>72,452</b>
<b>Net realized and unrealized loss</b>	<b>(5,531,990)</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$5,059,671</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

# STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2021 (Unaudited)	Year Ended December 31, 2020
<b>Operations</b>		
Net investment income	\$10,591,661	\$23,495,706
Net realized gain (loss)	(5,604,442)	8,759,290
Net change in unrealized appreciation (depreciation)	72,452	18,541,850
Net increase in net assets resulting from operations	5,059,671	50,796,846
<b>Distributions to shareholders</b>		
Net investment income and net realized gains		
Class 1	–	(26,573,424)
Class 2	–	(732,421)
Class 3	–	(2,745,187)
Total distributions to shareholders	–	(30,051,032)
Increase in net assets from capital stock activity	92,905,009	1,490,849
Total increase in net assets	97,964,680	22,236,663
Net assets at beginning of period	1,030,775,967	1,008,539,304
<b>Net assets at end of period</b>	<b>\$1,128,740,647</b>	<b>\$1,030,775,967</b>

	Six Months Ended June 30, 2021 (Unaudited)		Year Ended December 31, 2020	
	Shares	Dollars (\$)	Shares	Dollars (\$)
<b>Capital stock activity</b>				
Class 1				
Subscriptions	10,840,415	118,219,530	4,808,744	51,824,479
Distributions reinvested	–	–	2,492,816	26,573,424
Redemptions	(2,203,109)	(24,085,351)	(7,345,291)	(79,205,170)
Net increase (decrease)	8,637,306	94,134,179	(43,731)	(807,267)
Class 2				
Subscriptions	549,535	5,989,626	834,331	8,974,325
Distributions reinvested	–	–	68,837	732,421
Redemptions	(358,651)	(3,911,083)	(714,926)	(7,671,895)
Net increase	190,884	2,078,543	188,242	2,034,851
Class 3				
Subscriptions	297,872	3,256,773	698,721	7,530,480
Distributions reinvested	–	–	257,281	2,745,187
Redemptions	(600,366)	(6,564,486)	(929,572)	(10,012,402)
Net increase (decrease)	(302,494)	(3,307,713)	26,430	263,265
<b>Total net increase</b>	<b>8,525,696</b>	<b>92,905,009</b>	<b>170,941</b>	<b>1,490,849</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

# FINANCIAL HIGHLIGHTS

The following table is intended to help you understand the Fund's financial performance. Certain information reflects financial results for a single share of a class held for the periods shown. Per share net investment income (loss) amounts are calculated based on average shares outstanding during the period. Total return assumes reinvestment of all dividends and distributions, if any. Total return does not reflect any fees and expenses imposed under your Contract and/or Qualified Plan, as applicable; such fees and expenses would reduce the total returns for all periods shown. Total return and portfolio turnover are not annualized for periods of less than one year. The portfolio turnover rate is calculated without regard to purchase and sales transactions of short-term instruments and certain derivatives, if any. If such transactions were included, the Fund's portfolio turnover rate may be higher.

	Net asset value, beginning of period	Net investment income	Net realized and unrealized gain (loss)	Total from investment operations	Distributions from net investment income	Distributions from net realized gains	Total distributions to shareholders
<b>Class 1</b>							
Six Months Ended 6/30/2021 (Unaudited)	\$10.83	0.10	(0.04)	0.06	–	–	–
Year Ended 12/31/2020	\$10.62	0.25	0.29	0.54	(0.29)	(0.04)	(0.33)
Year Ended 12/31/2019	\$10.23	0.30	0.38	0.68	(0.29)	–	(0.29)
Year Ended 12/31/2018	\$10.35	0.30	(0.11)	0.19	(0.30)	(0.01)	(0.31)
Year Ended 12/31/2017	\$10.32	0.29	0.05	0.34	(0.30)	(0.01)	(0.31)
Year Ended 12/31/2016	\$10.42	0.25	0.03	0.28	(0.30)	(0.08)	(0.38)
<b>Class 2</b>							
Six Months Ended 6/30/2021 (Unaudited)	\$10.80	0.09	(0.05)	0.04	–	–	–
Year Ended 12/31/2020	\$10.59	0.22	0.29	0.51	(0.26)	(0.04)	(0.30)
Year Ended 12/31/2019	\$10.20	0.27	0.39	0.66	(0.27)	–	(0.27)
Year Ended 12/31/2018	\$10.32	0.27	(0.11)	0.16	(0.27)	(0.01)	(0.28)
Year Ended 12/31/2017	\$10.30	0.26	0.05	0.31	(0.28)	(0.01)	(0.29)
Year Ended 12/31/2016	\$10.40	0.22	0.04	0.26	(0.28)	(0.08)	(0.36)
<b>Class 3</b>							
Six Months Ended 6/30/2021 (Unaudited)	\$10.83	0.10	(0.05)	0.05	–	–	–
Year Ended 12/31/2020	\$10.62	0.24	0.28	0.52	(0.27)	(0.04)	(0.31)
Year Ended 12/31/2019	\$10.23	0.28	0.39	0.67	(0.28)	–	(0.28)
Year Ended 12/31/2018	\$10.35	0.28	(0.11)	0.17	(0.28)	(0.01)	(0.29)
Year Ended 12/31/2017	\$10.32	0.27	0.06	0.33	(0.29)	(0.01)	(0.30)
Year Ended 12/31/2016	\$10.42	0.24	0.03	0.27	(0.29)	(0.08)	(0.37)

## Notes to Financial Highlights

- In addition to the fees and expenses that the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of any other funds in which it invests. Such indirect expenses are not included in the Fund's reported expense ratios.
- Total net expenses include the impact of certain fee waivers/expense reimbursements made by the Investment Manager and certain of its affiliates, if applicable.
- Annualized.
- Ratios include interest on collateral expense. For the periods indicated below, if interest on collateral expense had been excluded, expenses would have been lower by:

Class	6/30/2021	12/31/2020	12/31/2019	12/31/2018
Class 1	less than 0.01%	less than 0.01%	0.01%	less than 0.01%
Class 2	less than 0.01%	less than 0.01%	0.01%	less than 0.01%
Class 3	less than 0.01%	less than 0.01%	0.01%	less than 0.01%

The accompanying Notes to Financial Statements are an integral part of this statement.

# FINANCIAL HIGHLIGHTS (continued)

	Net asset value, end of period	Total return	Total gross expense ratio to average net assets <sup>(a)</sup>	Total net expense ratio to average net assets <sup>(a),(b)</sup>	Net investment income ratio to average net assets	Portfolio turnover	Net assets, end of period (000's)
<b>Class 1</b>							
Six Months Ended 6/30/2021 (Unaudited)	\$10.89	0.55%	0.45% <sup>(c),(d)</sup>	0.45% <sup>(c),(d)</sup>	1.91% <sup>(c)</sup>	163%	\$1,004,171
Year Ended 12/31/2020	\$10.83	5.09%	0.46% <sup>(d)</sup>	0.46% <sup>(d)</sup>	2.32%	332%	\$905,531
Year Ended 12/31/2019	\$10.62	6.73%	0.46% <sup>(d)</sup>	0.46% <sup>(d)</sup>	2.83%	335%	\$888,047
Year Ended 12/31/2018	\$10.23	1.85%	0.46% <sup>(d)</sup>	0.46% <sup>(d)</sup>	2.91%	286%	\$847,752
Year Ended 12/31/2017	\$10.35	3.34%	0.48%	0.48%	2.77%	320%	\$898,922
Year Ended 12/31/2016	\$10.32	2.71%	0.50%	0.50%	2.38%	333%	\$1,031,382
<b>Class 2</b>							
Six Months Ended 6/30/2021 (Unaudited)	\$10.84	0.37%	0.70% <sup>(c),(d)</sup>	0.70% <sup>(c),(d)</sup>	1.65% <sup>(c)</sup>	163%	\$30,342
Year Ended 12/31/2020	\$10.80	4.85%	0.71% <sup>(d)</sup>	0.71% <sup>(d)</sup>	2.07%	332%	\$28,163
Year Ended 12/31/2019	\$10.59	6.50%	0.71% <sup>(d)</sup>	0.71% <sup>(d)</sup>	2.57%	335%	\$25,616
Year Ended 12/31/2018	\$10.20	1.60%	0.71% <sup>(d)</sup>	0.71% <sup>(d)</sup>	2.66%	286%	\$22,932
Year Ended 12/31/2017	\$10.32	2.99%	0.73%	0.73%	2.52%	320%	\$24,782
Year Ended 12/31/2016	\$10.30	2.45%	0.75%	0.75%	2.13%	333%	\$25,112
<b>Class 3</b>							
Six Months Ended 6/30/2021 (Unaudited)	\$10.88	0.46%	0.58% <sup>(c),(d)</sup>	0.58% <sup>(c),(d)</sup>	1.78% <sup>(c)</sup>	163%	\$94,228
Year Ended 12/31/2020	\$10.83	4.96%	0.58% <sup>(d)</sup>	0.58% <sup>(d)</sup>	2.20%	332%	\$97,082
Year Ended 12/31/2019	\$10.62	6.61%	0.59% <sup>(d)</sup>	0.59% <sup>(d)</sup>	2.71%	335%	\$94,876
Year Ended 12/31/2018	\$10.23	1.72%	0.58% <sup>(d)</sup>	0.58% <sup>(d)</sup>	2.78%	286%	\$99,204
Year Ended 12/31/2017	\$10.35	3.22%	0.61%	0.61%	2.65%	320%	\$120,079
Year Ended 12/31/2016	\$10.32	2.58%	0.62%	0.62%	2.25%	333%	\$139,813

The accompanying Notes to Financial Statements are an integral part of this statement.

# NOTES TO FINANCIAL STATEMENTS

June 30, 2021 (Unaudited)

## Note 1. Organization

Columbia Variable Portfolio – U.S. Government Mortgage Fund (the Fund), a series of Columbia Funds Variable Series Trust II (the Trust), is a diversified fund. The Trust is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as an open-end management investment company organized as a Massachusetts business trust.

### Fund shares

The Trust may issue an unlimited number of shares (without par value). The Fund offers Class 1, Class 2 and Class 3 shares to separate accounts funding variable annuity contracts and variable life insurance policies (collectively, Contracts) issued by affiliated and unaffiliated life insurance companies (Participating Insurance Companies) as well as qualified pension and retirement plans (Qualified Plans) and other qualified institutional investors (Qualified Investors) authorized by Columbia Management Investment Distributors, Inc. (the Distributor). You may not buy (nor will you own) shares of the Fund directly. You may invest by participating in a Qualified Plan or by buying a Contract and making allocations to the Fund. Although all share classes generally have identical voting, dividend and liquidation rights, each share class votes separately when required by the Trust's organizational documents or by law. Different share classes pay different net investment income distribution amounts to the extent the expenses of such share classes differ, and distributions in liquidation will be proportional to the net asset value of each share class. Each share class has its own cost structure and other features.

## Note 2. Summary of significant accounting policies

### Basis of preparation

The Fund is an investment company that applies the accounting and reporting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, *Financial Services - Investment Companies* (ASC 946). The financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

### Security valuation

Asset- and mortgage-backed securities are generally valued by pricing services, which utilize pricing models that incorporate the securities' cash flow and loan performance data. These models also take into account available market data, including trades, market quotations, and benchmark yield curves for identical or similar securities. Factors used to identify similar securities may include, but are not limited to, issuer, collateral type, vintage, prepayment speeds, collateral performance, credit ratings, credit enhancement and expected life. Asset-backed securities for which quotations are readily available may also be valued based upon an over-the-counter or exchange bid quote from an approved independent broker-dealer. Debt securities maturing in 60 days or less are valued primarily at amortized market value, unless this method results in a valuation that management believes does not approximate fair value.

Investments in open-end investment companies (other than exchange-traded funds (ETFs)), are valued at the latest net asset value reported by those companies as of the valuation time.

Futures and options on futures contracts are valued based upon the settlement price at the close of regular trading on their principal exchanges or, in the absence of a settlement price, at the mean of the latest quoted bid and ask prices.

Option contracts are valued at the mean of the latest quoted bid and ask prices on their primary exchanges. Option contracts, including over-the-counter option contracts, with no readily available market quotations are valued using mid-market evaluations from independent third-party vendors.

Swap transactions are valued through an independent pricing service or broker, or if neither is available, through an internal model based upon observable inputs.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

Investments for which market quotations are not readily available, or that have quotations which management believes are not reflective of market value or reliable, are valued at fair value as determined in good faith under procedures approved by and under the general supervision of the Board of Trustees. If a security or class of securities (such as foreign securities) is valued at fair value, such value is likely to be different from the quoted or published price for the security, if available.

The determination of fair value often requires significant judgment. To determine fair value, management may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine fair value.

GAAP requires disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category. This information is disclosed following the Fund's Portfolio of Investments.

## Derivative instruments

The Fund invests in certain derivative instruments, as detailed below, in seeking to meet its investment objectives. Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more securities, currencies, commodities, indices, or other assets or instruments. Derivatives may be used to increase investment flexibility (including to maintain cash reserves while maintaining desired exposure to certain assets), for risk management (hedging) purposes, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. The Fund may also use derivative instruments to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. Derivatives may involve various risks, including the potential inability of the counterparty to fulfill its obligations under the terms of the contract, the potential for an illiquid secondary market (making it difficult for the Fund to sell or terminate, including at favorable prices) and the potential for market movements which may expose the Fund to gains or losses in excess of the amount shown in the Statement of Assets and Liabilities. The notional amounts of derivative instruments, if applicable, are not recorded in the financial statements.

A derivative instrument may suffer a marked-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform its obligations under the contract. The Fund's risk of loss from counterparty credit risk on over-the-counter derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund and the amount of any variation margin held by the counterparty, plus any replacement costs or related amounts. With exchange-traded or centrally cleared derivatives, there is reduced counterparty credit risk to the Fund since the clearinghouse or central counterparty (CCP) provides some protection in the case of clearing member default. The clearinghouse or CCP stands between the buyer and the seller of the contract; therefore, additional counterparty credit risk is failure of the clearinghouse or CCP. However, credit risk still exists in exchange-traded or centrally cleared derivatives with respect to initial and variation margin that is held in a broker's customer account. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients and such shortfall is remedied by the CCP or otherwise, U.S. bankruptcy laws will typically allocate that shortfall on a pro-rata basis across all the clearing broker's customers (including the Fund), potentially resulting in losses to the Fund.

In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its derivatives counterparties. An ISDA Master Agreement is an agreement between the Fund and a counterparty that governs over-the-counter derivatives and foreign exchange forward contracts and contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default (close-out netting), including the bankruptcy or insolvency of the counterparty. Note, however, that bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset or netting in bankruptcy, insolvency or other events.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

Collateral (margin) requirements differ by type of derivative. Margin requirements are established by the clearinghouse or CCP for exchange-traded and centrally cleared derivatives. Brokers can ask for margin in excess of the minimum in certain circumstances. Collateral terms for most over-the-counter derivatives are subject to regulatory requirements to exchange variation margin with trading counterparties and may have contract specific margin terms as well. For over-the-counter derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the marked-to-market amount for each transaction under such agreement and comparing that amount to the value of any variation margin currently pledged by the Fund and/or the counterparty. Generally, the amount of collateral due from or to a party has to exceed a minimum transfer amount threshold (e.g., \$250,000) before a transfer has to be made. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. The Fund may also pay interest expense on cash collateral received from the broker. Any interest expense paid by the Fund is shown on the Statement of Operations. The Fund attempts to mitigate counterparty risk by only entering into agreements with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties of over-the-counter derivatives transactions to terminate derivatives contracts prior to maturity in the event the Fund's net asset value declines by a stated percentage over a specified time period or if the Fund fails to meet certain terms of the ISDA Master Agreement, which would cause the Fund to accelerate payment of any net liability owed to the counterparty. The Fund also has termination rights if the counterparty fails to meet certain terms of the ISDA Master Agreement. In determining whether to exercise such termination rights, the Fund would consider, in addition to counterparty credit risk, whether termination would result in a net liability owed from the counterparty.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities.

## Futures contracts

Futures contracts are exchange-traded and represent commitments for the future purchase or sale of an asset at a specified price on a specified date. The Fund bought and sold futures contracts to manage the duration and yield curve exposure of the Fund versus the benchmark and to manage exposure to movements in interest rates. These instruments may be used for other purposes in future periods. Upon entering into futures contracts, the Fund bears risks that it may not achieve the anticipated benefits of the futures contracts and may realize a loss. Additional risks include counterparty credit risk, the possibility of an illiquid market, and that a change in the value of the contract or option may not correlate with changes in the value of the underlying asset.

Upon entering into a futures contract, the Fund deposits cash or securities with the broker, known as a futures commission merchant (FCM), in an amount sufficient to meet the initial margin requirement. The initial margin deposit must be maintained at an established level over the life of the contract. Cash deposited as initial margin is recorded in the Statement of Assets and Liabilities as margin deposits. Securities deposited as initial margin are designated in the Portfolio of Investments. Subsequent payments (variation margin) are made or received by the Fund each day. The variation margin payments are equal to the daily change in the contract value and are recorded as variation margin receivable or payable and are offset in unrealized gains or losses. The Fund generally expects to earn interest income on its margin deposits. The Fund recognizes a realized gain or loss when the contract is closed or expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Assets and Liabilities.

## Options contracts

Options are contracts which entitle the holder to purchase or sell securities or other identified assets at a specified price, or in the case of index option contracts, to receive or pay the difference between the index value and the strike price of the index option contract. Option contracts can be either exchange-traded or over-the-counter. The Fund purchased and has written option contracts to manage exposure to fluctuations in interest rates. These instruments may be used for other purposes in future periods. Completion of transactions for option contracts traded in the over-the-counter market depends upon the performance of the other party. Collateral may be collected or posted by the Fund to secure over-the-counter option contract trades. Collateral held or posted by the Fund for such option contract trades must be returned to the broker or the Fund upon closure, exercise or expiration of the contract.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

Options contracts purchased are recorded as investments. When the Fund writes an options contract, the premium received is recorded as an asset and an amount equivalent to the premium is recorded as a liability in the Statement of Assets and Liabilities and is subsequently adjusted to reflect the current fair value of the option written. Changes in the fair value of the written option are recorded as unrealized appreciation or depreciation until the contract is exercised or has expired. The Fund realizes a gain or loss when the option contract is closed or expires. When option contracts are exercised, the proceeds on sales for a written call or purchased put option contract, or the purchase cost for a written put or purchased call option contract, is adjusted by the amount of premium received or paid.

For over-the-counter options purchased, the Fund bears the risk of loss of the amount of the premiums paid plus the positive change in market values net of any collateral held by the Fund should the counterparty fail to perform under the contracts. Option contracts written by the Fund do not typically give rise to significant counterparty credit risk, as options written generally obligate the Fund and not the counterparty to perform. The risk in writing a call option contract is that the Fund gives up the opportunity for profit if the market price of the security increases above the strike price and the option contract is exercised. The risk in writing a put option contract is that the Fund may incur a loss if the market price of the security decreases below the strike price and the option contract is exercised. Exercise of a written option could result in the Fund purchasing or selling a security or foreign currency when it otherwise would not, or at a price different from the current market value. In purchasing and writing options, the Fund bears the risk of an unfavorable change in the value of the underlying instrument or the risk that the Fund may not be able to enter into a closing transaction due to an illiquid market.

## Interest rate swaption contracts

Interest rate swaption contracts entered into by the Fund typically represent an option that gives the purchaser the right, but not the obligation, to enter into an interest rate swap contract on a future date. Each interest rate swaption contract will specify if the buyer is entitled to receive the fixed or floating rate if the interest rate is exercised. Changes in the value of a purchased interest rate swaption contracts are reported as unrealized appreciation or depreciation on options in the Statement of Assets and Liabilities. Gain or loss is recognized in the Statement of Operations when the interest rate swaption contract is closed or expires.

When the Fund writes an interest rate swaption contract, the premium received is recorded as an asset and an amount equivalent to the premium is recorded as a liability in the Statement of Assets and Liabilities and is subsequently adjusted to reflect the current fair value of the interest rate swaption contract written. Premiums received from writing interest rate swaption contracts that expire unexercised are recorded by the Fund on the expiration date as realized gains from options written in the Statement of Operations. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also recorded as realized gain, or if the premium is less than the amount paid for the closing purchase, as realized loss. These amounts are reflected as net realized gain (loss) on options written in the Statement of Operations.

## Swap contracts

Swap contracts are negotiated in the over-the-counter market and may be entered into as a bilateral contract or centrally cleared (centrally cleared swap contract). In a centrally cleared swap contract, immediately following execution of the swap contract with a broker, the swap contract is novated to a central counterparty (the CCP) and the CCP becomes the Fund's counterparty to the centrally cleared swap contract. The Fund is required to deposit initial margin with the futures commission merchant (FCM), which pledges it through to the CCP in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap contract. Securities deposited as initial margin are designated in the Portfolio of Investments and cash deposited is recorded in the Statement of Assets and Liabilities as margin deposits. For a bilateral swap contract, the Fund has credit exposure to the broker, but exchanges daily variation margin with the broker based on the mark-to-market value of the swap contract to minimize that exposure. For centrally cleared swap contracts, the Fund has minimal credit exposure to the FCM because the CCP stands between the Fund and the relevant buyer/seller on the other side of the contract. Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of centrally cleared swap contracts, if any, is recorded as a receivable or payable for variation margin in the Statement of Assets and Liabilities.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

Entering into these contracts involves, to varying degrees, elements of interest, liquidity and counterparty credit risk in excess of the amounts recognized in the Statement of Assets and Liabilities. Such risks involve the possibility that there may be unfavorable changes in interest rates, market conditions or other conditions, that it may be difficult to initiate a swap transaction or liquidate a position at an advantageous time or price which may result in significant losses, and that the FCM or CCP may not fulfill its obligation under the contract.

## Credit default swap contracts

The Fund entered into credit default swap contracts to increase or decrease its credit exposure to an index and to manage credit risk exposure. These instruments may be used for other purposes in future periods. Credit default swap contracts are transactions in which one party pays fixed periodic payments to a counterparty in consideration for an agreement from the counterparty to make a specific payment should a specified credit event(s) take place. Although specified credit events are contract specific, credit events are typically bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium.

As the purchaser of a credit default swap contract, the Fund purchases protection by paying a periodic interest rate on the notional amount to the counterparty. The interest amount is accrued daily as a component of unrealized appreciation (depreciation) and is recorded as a realized loss upon payment. If a credit event as specified in the contract occurs, the Fund may have the option either to deliver the reference obligation to the seller in exchange for a cash payment of its par amount, or to receive a net cash settlement equal to the par amount less an agreed-upon value of the reference obligation as of the date of the credit event. The difference between the value of the obligation or cash delivered and the notional amount received will be recorded as a realized gain (loss).

As the seller of a credit default swap contract, the Fund sells protection to a buyer and will generally receive a periodic interest rate on a notional amount. The interest amount is accrued daily as a component of unrealized appreciation (depreciation) and is recorded as a realized gain upon receipt of the payment. If a credit event as specified in the contract with the counterparty occurs, the Fund may either be required to accept the reference obligation from the buyer in exchange for a cash payment of its notional amount, or to pay the buyer a net cash settlement equal to the notional amount less an agreed-upon value of the reference obligation (recovery value) as of the date of the credit event. The difference between the value of the obligation or cash received and the notional amount paid will be recorded as a realized gain (loss). The maximum potential amount of undiscounted future payments the Fund could be required to make as the seller of protection under a credit default swap contract is equal to the notional amount of the reference obligation. These potential amounts may be partially offset by any recovery values of the respective reference obligations or upfront receipts upon entering into the agreement. The notional amounts and market values of all credit default swap contracts in which the Fund is the seller of protection, if any, are disclosed in the Credit Default Swap Contracts Outstanding schedule following the Portfolio of Investments.

As a protection seller, the Fund bears the risk of loss from the credit events specified in the contract with the counterparty. For credit default swap contracts on credit indices, quoted market prices and resulting market values serve as an indicator of the current status of the payment/performance risk. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the reference entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the contract.

Any upfront payment or receipt by the Fund upon entering into a credit default swap contract is recorded as an asset or liability, respectively, and amortized daily as a component of realized gain (loss) in the Statement of Operations. Credit default swap contracts are valued daily, and the change in value is recorded as unrealized appreciation (depreciation) until the termination of the swap, at which time a realized gain (loss) is recorded.

Credit default swap contracts can involve greater risks than if a fund had invested in the reference obligation directly since, in addition to general market risks, credit default swaps are subject to counterparty credit risk, leverage risk, hedging risk, correlation risk and liquidity risk.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

## Interest rate and inflation rate swap contracts

The Fund entered into interest rate swap transactions and/or inflation rate swap contracts to manage interest rate risk. These instruments may be used for other purposes in future periods. An interest rate swap or inflation rate swap, as applicable, is an agreement between two parties where there are two flows and payments are made between the two counterparties and the payments are dependent upon changes in an interest rate, inflation rate or inflation index calculated on a nominal amount. Interest rate swaps are agreements between two parties that involve the exchange of one type of interest rate for another type of interest rate cash flow on specified dates in the future, based on a predetermined, specified notional amount. Certain interest rate swaps are considered forward-starting, whereby the accrual for the exchange of cash flows does not begin until a specified date in the future. The net cash flow for a standard interest rate swap transaction is generally the difference between a floating market interest rate versus a fixed interest rate.

Interest rate swaps are valued daily and unrealized appreciation (depreciation) is recorded. Certain interest rate swaps may accrue periodic interest on a daily basis as a component of unrealized appreciation (depreciation); the Fund will realize a gain or loss upon the payment or receipt of accrued interest. The Fund will realize a gain or a loss when the interest rate swap is terminated.

## Effects of derivative transactions in the financial statements

The following tables are intended to provide additional information about the effect of derivatives on the financial statements of the Fund, including: the fair value of derivatives by risk category and the location of those fair values in the Statement of Assets and Liabilities; and the impact of derivative transactions over the period in the Statement of Operations, including realized and unrealized gains (losses). The derivative instrument schedules following the Portfolio of Investments present additional information regarding derivative instruments outstanding at the end of the period, if any.

The following table is a summary of the fair value of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) at June 30, 2021:

Asset derivatives		
Risk exposure category	Statement of assets and liabilities location	Fair value (\$)
Credit risk	Component of total distributable earnings (loss) – unrealized appreciation on swap contracts	3,375,839*
Interest rate risk	Component of total distributable earnings (loss) – unrealized appreciation on futures contracts	2,038,485*
Interest rate risk	Investments, at value – Options purchased	13,332,745
Total		18,747,069

Liability derivatives		
Risk exposure category	Statement of assets and liabilities location	Fair value (\$)
Credit risk	Component of total distributable earnings (loss) – unrealized depreciation on swap contracts	302,475*
Credit risk	Upfront receipts on swap contracts	5,255,261
Interest rate risk	Component of total distributable earnings (loss) – unrealized depreciation on futures contracts	76,437*
Interest rate risk	Options contracts written, at value	829,293
Interest rate risk	Component of total distributable earnings (loss) – unrealized depreciation on swap contracts	790,723*
Total		7,254,189

\* Includes cumulative appreciation (depreciation) as reported in the tables following the Portfolio of Investments. Only the current day's variation margin is reported in receivables or payables in the Statement of Assets and Liabilities.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

The following table indicates the effect of derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in the Statement of Operations for the six months ended June 30, 2021:

<b>Amount of realized gain (loss) on derivatives recognized in income</b>				
Risk exposure category	Futures contracts (\$)	Options contracts purchased (\$)	Swap contracts (\$)	Total (\$)
Credit risk	–	–	512,828	512,828
Interest rate risk	(2,929,805)	(290,000)	16,018	(3,203,787)
Total	(2,929,805)	(290,000)	528,846	(2,690,959)

<b>Change in unrealized appreciation (depreciation) on derivatives recognized in income</b>					
Risk exposure category	Futures contracts (\$)	Options contracts written (\$)	Options contracts purchased (\$)	Swap contracts (\$)	Total (\$)
Credit risk	–	–	–	1,039,798	1,039,798
Interest rate risk	1,723,359	(16,168)	7,096,466	(790,723)	8,012,934
Total	1,723,359	(16,168)	7,096,466	249,075	9,052,732

The following table is a summary of the average outstanding volume by derivative instrument for the six months ended June 30, 2021:

Derivative instrument	Average notional amounts (\$)*
Futures contracts – long	295,862,872
Futures contracts – short	2,049,735
Credit default swap contracts – sell protection	29,300,000

Derivative instrument	Average value (\$)*
Options contracts – purchased	20,338,714
Options contracts – written	(693,935)

Derivative instrument	Average unrealized appreciation (\$)*	Average unrealized depreciation (\$)*
Interest rate swap contracts	236,091	(395,362)

\* Based on the ending quarterly outstanding amounts for the six months ended June 30, 2021.

## Asset- and mortgage-backed securities

The Fund may invest in asset-backed and mortgage-backed securities. The maturity dates shown represent the original maturity of the underlying obligation. Actual maturity may vary based upon prepayment activity on these obligations. All, or a portion, of the obligation may be prepaid at any time because the underlying asset may be prepaid. As a result, decreasing market interest rates could result in an increased level of prepayment. An increased prepayment rate will have the effect of shortening the maturity of the security. Unless otherwise noted, the coupon rates presented are fixed rates.

## Delayed delivery securities

The Fund may trade securities on other than normal settlement terms, including securities purchased or sold on a "when-issued" or "forward commitment" basis. This may increase risk to the Fund since the other party to the transaction may fail to deliver, which could cause the Fund to subsequently invest at less advantageous prices. The Fund designates cash or liquid securities in an amount equal to the delayed delivery commitment.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

## To be announced securities

The Fund may trade securities on a To Be Announced (TBA) basis. As with other delayed-delivery transactions, a seller agrees to issue a TBA security at a future date. However, the seller does not specify the particular securities to be delivered. Instead, the Fund agrees to accept any security that meets specified terms.

In some cases, Master Securities Forward Transaction Agreements (MSFTAs) may be used to govern transactions of certain forward-settling agency mortgage-backed securities, such as delayed-delivery and TBAs, between the Fund and counterparty. The MSFTA maintains provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral relating to such transactions.

## Mortgage dollar roll transactions

The Fund may enter into mortgage “dollar rolls” in which the Fund sells securities for delivery in the current month and simultaneously contracts with the same counterparty to repurchase similar but not identical securities (same type, coupon and maturity) on a specified future date. During the roll period, the Fund loses the right to receive principal and interest paid on the securities sold. However, the Fund may benefit because it receives negotiated amounts in the form of reductions of the purchase price for the future purchase plus the interest earned on the cash proceeds of the securities sold until the settlement date of the forward purchase. The Fund records the incremental difference between the forward purchase and sale of each forward roll as a realized gain or loss. Unless any realized gains exceed the income, capital appreciation, and gain or loss due to mortgage prepayments that would have been realized on the securities sold as part of the mortgage dollar roll, the use of this technique may diminish the investment performance of the Fund compared to what the performance would have been without the use of mortgage dollar rolls. All cash proceeds will be invested in instruments that are permissible investments for the Fund. The Fund identifies cash or liquid securities in an amount equal to the forward purchase price.

For financial reporting and tax purposes, the Fund treats “to be announced” mortgage dollar rolls as two separate transactions, one involving the purchase of a security and a separate transaction involving a sale. These transactions may increase the Fund’s portfolio turnover rate. The Fund does not currently enter into mortgage dollar rolls that are accounted for as financing transactions.

Mortgage dollar rolls involve the risk that the market value of the securities the Fund is obligated to repurchase may decline below the repurchase price, or that the counterparty may default on its obligations.

## Interest only and principal only securities

The Fund may invest in Interest Only (IO) or Principal Only (PO) securities. IOs are stripped securities entitled to receive all of the security’s interest, but none of its principal. IOs are particularly sensitive to changes in interest rates and therefore subject to greater fluctuations in price than typical interest bearing debt securities. IOs are also subject to credit risk because the Fund may not receive all or part of the interest payments if the issuer, obligor, guarantor or counterparty defaults on its obligation. Payments received for IOs are included in interest income on the Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statement of Operations. POs are stripped securities entitled to receive the principal from the underlying obligation, but not the interest. POs are particularly sensitive to changes in interest rates and therefore are subject to fluctuations in price. POs are also subject to credit risk because the Fund may not receive all or part of its principal if the issuer, obligor, guarantor or counterparty defaults on its obligation. The Fund may also invest in IO or PO stripped mortgage-backed securities. Payments received for POs are treated as reductions to the cost and par value of the securities.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

## Offsetting of assets and liabilities

The following table presents the Fund's gross and net amount of assets and liabilities available for offset under netting arrangements as well as any related collateral received or pledged by the Fund as of June 30, 2021:

	Citi (\$) <sup>(a)</sup>	Citi (\$) <sup>(a)</sup>	JPMorgan (\$)	Morgan Stanley (\$) <sup>(a)</sup>	Morgan Stanley (\$) <sup>(a)</sup>	Total (\$)
<b>Assets</b>						
Options purchased puts	9,438,685	-	-	3,894,060	-	13,332,745
OTC credit default swap contracts <sup>(b)</sup>	-	516,867	597,135	2,261,837	-	3,375,839
<b>Total assets</b>	<b>9,438,685</b>	<b>516,867</b>	<b>597,135</b>	<b>6,155,897</b>	<b>-</b>	<b>16,708,584</b>
<b>Liabilities</b>						
Centrally cleared interest rate swap contracts <sup>(c)</sup>	-	-	-	-	116,406	116,406
Options contracts written	133,780	-	-	695,513	-	829,293
OTC credit default swap contracts <sup>(b)</sup>	-	954,992	1,078,891	3,523,853	-	5,557,736
<b>Total liabilities</b>	<b>133,780</b>	<b>954,992</b>	<b>1,078,891</b>	<b>4,219,366</b>	<b>116,406</b>	<b>6,503,435</b>
<b>Total financial and derivative net assets</b>	<b>9,304,905</b>	<b>(438,125)</b>	<b>(481,756)</b>	<b>1,936,531</b>	<b>(116,406)</b>	<b>10,205,149</b>
Total collateral received (pledged) <sup>(d)</sup>	9,304,905	(438,125)	(481,756)	1,936,531	(116,406)	10,205,149
<b>Net amount <sup>(e)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) Exposure can only be netted across transactions governed under the same master agreement with the same legal entity. - this footnote would be used in instances where a broker needs to be listed multiple times due to the Fund being multi-managed or having a subsidiary.

(b) Over-the-Counter (OTC) swap contracts are presented at market value plus periodic payments receivable (payable), which is comprised of unrealized appreciation, unrealized depreciation, upfront payments and upfront receipts.

(c) Centrally cleared swaps are included within payable/receivable for variation margin on the Statement of Assets and Liabilities.

(d) In some instances, the actual collateral received and/or pledged may be more than the amount shown due to overcollateralization.

(e) Represents the net amount due from/(to) counterparties in the event of default.

## Security transactions

Security transactions are accounted for on the trade date. Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

## Income recognition

Interest income is recorded on an accrual basis. Market premiums and discounts, including original issue discounts, are amortized and accreted, respectively, over the expected life of the security on all debt securities, unless otherwise noted. The Fund classifies gains and losses realized on prepayments received on mortgage-backed securities as adjustments to interest income.

The Fund may place a debt security on non-accrual status and reduce related interest income when it becomes probable that the interest will not be collected and the amount of uncollectible interest can be reasonably estimated. A defaulted debt security is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is reasonably assured.

Dividend income is recorded on the ex-dividend date.

## Expenses

General expenses of the Trust are allocated to the Fund and other funds of the Trust based upon relative net assets or other expense allocation methodologies determined by the nature of the expense. Expenses directly attributable to the Fund are charged to the Fund. Expenses directly attributable to a specific class of shares are charged to that share class.

## Determination of class net asset value

All income, expenses (other than class-specific expenses, which are charged to that share class, as shown in the Statement of Operations) and realized and unrealized gains (losses) are allocated to each class of the Fund on a daily basis, based on the relative net assets of each class, for purposes of determining the net asset value of each class.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

## Federal income tax status

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code, as amended, and will distribute substantially all of its investment company taxable income and net capital gain, if any, for its tax year, and as such will not be subject to federal income taxes. In addition, because the Fund meets the exception under Internal Revenue Code Section 4982(f), the Fund expects not to be subject to federal excise tax. Therefore, no federal income or excise tax provision is recorded.

## Distributions to subaccounts

Distributions to the subaccounts of Contracts, Qualified Plans and Qualified Investors are recorded at the close of business on the record date and are payable on the first business day following the record date. Dividends from net investment income, if any, are declared and distributed annually. Capital gain distributions, when available, will be made annually. However, an additional capital gain distribution may be made during the fiscal year in order to comply with the Internal Revenue Code, as applicable to registered investment companies. Income distributions and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. All dividends and distributions are reinvested in additional shares of the applicable share class of the Fund at the net asset value as of the ex-dividend date of the distribution.

## Guarantees and indemnifications

Under the Trust's organizational documents and, in some cases, by contract, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust or its funds. In addition, certain of the Fund's contracts with its service providers contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined, and the Fund has no historical basis for predicting the likelihood of any such claims.

## Note 3. Fees and other transactions with affiliates

### Management services fees

The Fund has entered into a Management Agreement with Columbia Management Investment Advisers, LLC (the Investment Manager), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial). Under the Management Agreement, the Investment Manager provides the Fund with investment research and advice, as well as administrative and accounting services. The management services fee is an annual fee that is equal to a percentage of the Fund's daily net assets that declines from 0.43% to 0.28% as the Fund's net assets increase. The annualized effective management services fee rate for the six months ended June 30, 2021 was 0.43% of the Fund's average daily net assets.

### Compensation of board members

Members of the Board of Trustees who are not officers or employees of the Investment Manager or Ameriprise Financial are compensated for their services to the Fund as disclosed in the Statement of Operations. Under a Deferred Compensation Plan (the Deferred Plan), these members of the Board of Trustees may elect to defer payment of up to 100% of their compensation. Deferred amounts are treated as though equivalent dollar amounts had been invested in shares of certain funds managed by the Investment Manager. The Fund's liability for these amounts is adjusted for market value changes and remains in the Fund until distributed in accordance with the Deferred Plan. All amounts payable under the Deferred Plan constitute a general unsecured obligation of the Fund. The expense for the Deferred Plan, which includes Trustees' fees deferred during the current period as well as any gains or losses on the Trustees' deferred compensation balances as a result of market fluctuations, is included in "Compensation of board members" on the Statement of Operations.

### Compensation of Chief Compliance Officer

The Board of Trustees has appointed a Chief Compliance Officer for the Fund in accordance with federal securities regulations. As disclosed in the Statement of Operations, a portion of the Chief Compliance Officer's total compensation is allocated to the Fund, along with other allocations to affiliated registered investment companies managed by the Investment Manager and its affiliates, based on relative net assets.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

## Service fees

The Fund has entered into a Shareholder Services Agreement with Columbia Management Investment Services Corp. (the Transfer Agent), an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial. Under this agreement, the Fund pays a service fee equal to the payments made by the Transfer Agent to Participating Insurance Companies and other financial intermediaries (together, Participating Organizations) for services each such Participating Organization provides to its clients, customers and participants that are invested directly or indirectly in the Fund, up to a cap approved by the Board of Trustees from time to time. The annualized effective service fee rate for the six months ended June 30, 2021, was 0.01% of the Fund's average daily net assets.

The Transfer Agent may retain as compensation for its services revenues from fees for wire, telephone and redemption orders, account transcripts due the Transfer Agent from Fund shareholders and interest (net of bank charges) earned with respect to balances in accounts the Transfer Agent maintains in connection with its services to the Fund.

## Distribution and/or service fees

The Fund has an agreement with the Distributor, an affiliate of the Investment Manager and a wholly-owned subsidiary of Ameriprise Financial, for distribution services. Under a Plan and Agreement of Distribution, the Fund pays a fee at an annual rate of up to 0.25% of the Fund's average daily net assets attributable to Class 2 shares and an annual rate of up to 0.125% of the Fund's average daily net assets attributable to Class 3 shares. The Fund pays no distribution and service fees for Class 1 shares.

## Expenses waived/reimbursed by the Investment Manager and its affiliates

The Investment Manager and certain of its affiliates have contractually agreed to waive fees and/or reimburse expenses (excluding certain fees and expenses described below) for the period(s) disclosed below, unless sooner terminated at the sole discretion of the Board of Trustees, so that the Fund's net operating expenses, after giving effect to fees waived/expenses reimbursed and any balance credits and/or overdraft charges from the Fund's custodian, do not exceed the following annual rate(s) as a percentage of the class' average daily net assets:

	<b>Fee rate(s) contractual through April 30, 2022</b>
Class 1	0.58%
Class 2	0.83
Class 3	0.705

Under the agreement governing these fee waivers and/or expense reimbursement arrangements, the following fees and expenses are excluded from the waiver/reimbursement commitment, and therefore will be paid by the Fund, if applicable: taxes (including foreign transaction taxes), expenses associated with investments in affiliated and non-affiliated pooled investment vehicles (including mutual funds and exchange-traded funds), transaction costs and brokerage commissions, costs related to any securities lending program, dividend expenses associated with securities sold short, inverse floater program fees and expenses, transaction charges and interest on borrowed money, interest, infrequent and/or unusual expenses and any other expenses the exclusion of which is specifically approved by the Board of Trustees. This agreement may be modified or amended only with approval from the Investment Manager, certain of its affiliates and the Fund. Any fees waived and/or expenses reimbursed under the expense reimbursement arrangements described above are not recoverable by the Investment Manager or its affiliates in future periods.

## Note 4. Federal tax information

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP because of temporary or permanent book to tax differences.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

At June 30, 2021, the approximate cost of all investments for federal income tax purposes and the aggregate gross approximate unrealized appreciation and depreciation based on that cost was:

<b>Federal tax cost (\$)</b>	<b>Gross unrealized appreciation (\$)</b>	<b>Gross unrealized (depreciation) (\$)</b>	<b>Net unrealized appreciation (\$)</b>
1,381,163,000	47,079,000	(24,929,000)	22,150,000

Tax cost of investments and unrealized appreciation/(depreciation) may also include timing differences that do not constitute adjustments to tax basis.

Management of the Fund has concluded that there are no significant uncertain tax positions in the Fund that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

## Note 5. Portfolio information

The cost of purchases and proceeds from sales of securities, excluding short-term investments and derivatives, if any, aggregated to \$2,323,045,973 and \$2,217,848,310, respectively, for the six months ended June 30, 2021, of which \$2,198,469,047 and \$2,159,417,459, respectively, were U.S. government securities. The amount of purchase and sale activity impacts the portfolio turnover rate reported in the Financial Highlights.

## Note 6. Affiliated money market fund

The Fund invests in Columbia Short-Term Cash Fund, an affiliated money market fund established for the exclusive use by the Fund and other affiliated funds (the Affiliated MMF). The income earned by the Fund from such investments is included as Dividends - affiliated issuers in the Statement of Operations. As an investing fund, the Fund indirectly bears its proportionate share of the expenses of the Affiliated MMF. The Affiliated MMF prices its shares with a floating net asset value. In addition, the Board of Trustees of the Affiliated MMF may impose a fee on redemptions (sometimes referred to as a liquidity fee) or temporarily suspend redemptions (sometimes referred to as imposing a redemption gate) in the event its liquidity falls below regulatory limits.

## Note 7. Interfund lending

Pursuant to an exemptive order granted by the Securities and Exchange Commission, the Fund participates in a program (the Interfund Program) allowing each participating Columbia Fund (each, a Participating Fund) to lend money directly to and, except for closed-end funds and money market funds, borrow money directly from other Participating Funds for temporary purposes. The amounts eligible for borrowing and lending under the Interfund Program are subject to certain restrictions.

Interfund loans are subject to the risk that the borrowing fund could be unable to repay the loan when due, and a delay in repayment to the lending fund could result in lost opportunities and/or additional lending costs. The exemptive order is subject to conditions intended to mitigate conflicts of interest arising from the Investment Manager's relationship with each Participating Fund.

The Fund did not borrow or lend money under the Interfund Program during the six months ended June 30, 2021.

## Note 8. Line of credit

The Fund has access to a revolving credit facility with a syndicate of banks led by Citibank, N.A., Wells Fargo Bank, N.A. and JPMorgan Chase Bank, N.A. whereby the Fund may borrow for the temporary funding of shareholder redemptions or for other temporary or emergency purposes. Pursuant to a December 1, 2020 amendment, the credit facility, which is a collective agreement between the Fund and certain other funds managed by the Investment Manager or an affiliated investment manager, severally and not jointly, permits collective borrowings up to \$950 million. Interest is currently charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the federal funds effective rate, (ii) the one-month London Interbank Offered Rate (LIBOR) rate and (iii) the overnight bank funding rate, plus in each case, 1.25%. Each

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

borrowing under the credit facility matures no later than 60 days after the date of borrowing. Most LIBOR settings will no longer be published after December 31, 2021, and a majority of U.S. dollar LIBOR settings will cease publication after June 30, 2023. The Fund also pays a commitment fee equal to its pro rata share of the unused amount of the credit facility at a rate of 0.15% per annum. The commitment fee is included in other expenses in the Statement of Operations. This agreement expires annually in December unless extended or renewed. Prior to the December 1, 2020 amendment, the Fund had access to a revolving credit facility with a syndicate of banks led by Citibank, N.A., HSBC Bank USA, N.A. and JPMorgan Chase Bank, N.A. which permitted collective borrowings up to \$1 billion. Interest was charged to each participating fund based on its borrowings at a rate equal to the higher of (i) the federal funds effective rate, (ii) the one-month LIBOR rate and (iii) the overnight bank funding rate, plus in each case, 1.00%.

The Fund had no borrowings during the six months ended June 30, 2021.

## Note 9. Significant risks

### Credit risk

Credit risk is the risk that the value of debt instruments in the Fund's portfolio may decline because the issuer defaults or otherwise becomes unable or unwilling, or is perceived to be unable or unwilling, to honor its financial obligations, such as making payments to the Fund when due. Credit rating agencies assign credit ratings to certain debt instruments to indicate their credit risk. Lower rated or unrated debt instruments held by the Fund may present increased credit risk as compared to higher-rated debt instruments.

### Derivatives risk

Losses involving derivative instruments may be substantial, because a relatively small movement in the underlying reference (which is generally the price, rate or other economic indicator associated with a security(ies), commodity, currency or index or other instrument or asset) may result in a substantial loss for the Fund. In addition to the potential for increased losses, the use of derivative instruments may lead to increased volatility within the Fund. Derivatives will typically increase the Fund's exposure to principal risks to which it is otherwise exposed, and may expose the Fund to additional risks, including correlation risk, counterparty risk, hedging risk, leverage risk, liquidity risk and pricing risk.

### Interest rate risk

Interest rate risk is the risk of losses attributable to changes in interest rates. In general, if prevailing interest rates rise, the values of debt instruments tend to fall, and if interest rates fall, the values of debt instruments tend to rise. Actions by governments and central banking authorities can result in increases or decreases in interest rates. Increasing interest rates may negatively affect the value of debt securities held by the Fund, resulting in a negative impact on the Fund's performance and net asset value per share. In general, the longer the maturity or duration of a debt security, the greater its sensitivity to changes in interest rates. The Fund is subject to the risk that the income generated by its investments may not keep pace with inflation.

### LIBOR replacement risk

The elimination of London Inter-Bank Offered Rate (LIBOR), among other "inter-bank offered" reference rates, may adversely affect the interest rates on, and value of, certain Fund investments for which the value is tied to LIBOR. The U.K. Financial Conduct Authority and the ICE Benchmark Administration have announced that most LIBOR settings will no longer be published after December 31, 2021 and a majority of U.S. dollar LIBOR settings will cease publication after June 30, 2023. It is possible that a subset of LIBOR settings will be published after these dates on a "synthetic" basis, but any such publications would be considered non-representative of the underlying market. Markets are slowly developing in response to these new reference rates. Uncertainty related to the liquidity impact of the change in rates, and how to appropriately adjust these rates at the time of transition, poses risks for the Fund. These risks are likely to persist until new reference rates and fallbacks for both legacy and new instruments and contracts are commercially accepted and market practices become settled. Alternatives to LIBOR have been established or are in development in most major currencies including the Secured Overnight Financing Rate (SOFR) that is intended to replace U.S. dollar LIBOR.

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

## Liquidity risk

Liquidity risk is the risk associated with a lack of marketability of investments which may make it difficult to sell the investment at a desirable time or price. Changing regulatory, market or other conditions or environments (for example, the interest rate or credit environments) may adversely affect the liquidity of the Fund's investments. The Fund may have to accept a lower selling price for the holding, sell other investments, or forego another, more appealing investment opportunity. Generally, the less liquid the market at the time the Fund sells a portfolio investment, the greater the risk of loss or decline of value to the Fund. A less liquid market can lead to an increase in Fund redemptions, which may negatively impact Fund performance and net asset value per share, including, for example, if the Fund is forced to sell securities in a down market.

## Market and environment risk

The Fund may incur losses due to declines in the value of one or more securities in which it invests. These declines may be due to factors affecting a particular issuer, or the result of, among other things, political, regulatory, market, economic or social developments affecting the relevant market(s) more generally. In addition, turbulence in financial markets and reduced liquidity in equity, credit and/or fixed income markets may negatively affect many issuers, which could adversely affect the Fund, including causing difficulty in assigning prices to hard-to-value assets in thinly traded and closed markets, significant redemptions and operational challenges. Global economies and financial markets are increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. These risks may be magnified if certain events or developments adversely interrupt the global supply chain; in these and other circumstances, such risks might affect companies worldwide. As a result, local, regional or global events such as terrorism, war, natural disasters, disease/virus outbreaks and epidemics or other public health issues, recessions, depressions or other events – or the potential for such events – could have a significant negative impact on global economic and market conditions.

The Fund's performance may also be significantly negatively impacted by the economic impact of the coronavirus disease 2019 (COVID-19) pandemic. The COVID-19 pandemic has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over impacts to come, of COVID-19 – and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future – could negatively affect global economies and markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illness outbreaks and epidemics in emerging market countries may be greater due to generally less established healthcare systems, governments and financial markets. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent the Fund from executing advantageous investment decisions in a timely manner and negatively impact the Fund's ability to achieve its investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the Fund.

## Mortgage- and other asset-backed securities risk

The value of any mortgage-backed and other asset-backed securities including collateralized debt obligations, if any, held by the Fund may be affected by, among other things, changes or perceived changes in: interest rates; factors concerning the interests in and structure of the issuer or the originator of the mortgages or other assets; the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements; or the market's assessment of the quality of underlying assets. Payment of principal and interest on some mortgage-backed securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of a particular U.S. Government agency, authority, enterprise or instrumentality, and some, but not all, are also insured or guaranteed by the U.S. Government. Mortgage-backed securities issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers) may entail greater risk than obligations guaranteed by the U.S. Government. Mortgage- and other asset-backed securities are subject to liquidity risk and prepayment risk. A decline or flattening of housing values may cause delinquencies in mortgages (especially sub-prime or non-prime mortgages) underlying mortgage-backed securities and thereby adversely affect the ability of the mortgage-backed

# NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2021 (Unaudited)

securities issuer to make principal and/or interest payments to mortgage-backed securities holders, including the Fund. Rising or high interest rates tend to extend the duration of mortgage- and other asset-backed securities, making their prices more volatile and more sensitive to changes in interest rates.

## Shareholder concentration risk

At June 30, 2021, affiliated shareholders of record owned 98.4% of the outstanding shares of the Fund in one or more accounts. Subscription and redemption activity by concentrated accounts may have a significant effect on the operations of the Fund. In the case of a large redemption, the Fund may be forced to sell investments at inopportune times, including its liquid positions, which may result in Fund losses and the Fund holding a higher percentage of less liquid positions. Large redemptions could result in decreased economies of scale and increased operating expenses for non-redeeming Fund shareholders.

## Note 10. Subsequent events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosure.

## Note 11. Information regarding pending and settled legal proceedings

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Fund is not currently the subject of, and that neither Ameriprise Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Fund or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Fund. Ameriprise Financial is required to make quarterly (10-Q), annual (10-K) and, as necessary, 8-K filings with the Securities and Exchange Commission (SEC) on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at [www.sec.gov](http://www.sec.gov).

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased Fund redemptions, reduced sale of Fund shares or other adverse consequences to the Fund. Further, although we believe proceedings are not likely to have a material adverse effect on the Fund or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Fund, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial or one or more of its affiliates that provides services to the Fund.

# LIQUIDITY RISK MANAGEMENT PROGRAM

Pursuant to Rule 22e-4 under the 1940 Act, the Fund has adopted a liquidity risk management program (Program). The Program's principal objectives include assessing, managing and periodically reviewing the Fund's liquidity risk. Liquidity risk is defined as the risk that the Fund could not meet redemption requests without significant dilution of remaining investors' interests in the Fund.

The Board has appointed the Investment Manager as the program administrator for the Fund's Program. The Investment Manager has delegated oversight of the Program to its Liquidity Risk Management Committee (the Committee). At a board meeting during the fiscal period, the Committee provided the Board with a report addressing the operations of the program and assessing its adequacy and effectiveness of implementation for the period January 1, 2020, through December 31, 2020, including:

- the Fund had sufficient liquidity to both meet redemptions and operate effectively on behalf of shareholders;
- there were no material changes to the Program during the period;
- the implementation of the Program was effective to manage the Fund's liquidity risk; and
- the Program operated adequately during the period.

There can be no assurance that the Program will achieve its objectives in the future. Please refer to the Fund's prospectus for more information regarding the Fund's exposure to liquidity risk and other principal risks to which an investment in the Fund may be subject.

## APPROVAL OF MANAGEMENT AGREEMENT

Columbia Management Investment Advisers, LLC (the Investment Manager, and together with its domestic and global affiliates, Columbia Threadneedle Investments), a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise Financial), serves as the investment manager to Columbia Variable Portfolio – U.S. Government Mortgage Fund (the Fund). Under a management agreement (the Management Agreement), the Investment Manager provides investment advice and other services to the Fund and other funds distributed by Columbia Management Investment Distributors, Inc. (collectively, the Funds).

On an annual basis, the Fund's Board of Trustees (the Board), including the independent Board members (the Independent Trustees), considers renewal of the Management Agreement. The Investment Manager prepared detailed reports for the Board and its Contracts Committee in November and December 2020 and March, April and June 2021, including reports providing the results of analyses performed by an independent third-party data provider, Broadridge Financial Solutions, Inc. (Broadridge), and a comprehensive response to requests for information by independent legal counsels to the Independent Trustees (Independent Legal Counsel) in a letter to the Investment Manager, to assist the Board in making this determination. In addition, throughout the year, the Board (or its committees) regularly meets with portfolio management teams and senior management personnel and reviews information prepared by the Investment Manager addressing the services the Investment Manager provides and Fund performance. The Board also accords appropriate weight to the work, deliberations and conclusions of the various committees, such as the Contracts Committee, the Investment Oversight Committee, the Audit Committee and the Compliance Committee in determining whether to continue the Management Agreement.

The Board, at its June 15, 2021 Board meeting (the June Meeting), considered the renewal of the Management Agreement for an additional one-year term. At the June Meeting, Independent Legal Counsel reviewed with the Independent Trustees various factors relevant to the Board's consideration of advisory agreements and the Board's legal responsibilities related to such consideration. The Independent Trustees considered all information that they, their legal counsel or the Investment Manager believed reasonably necessary to evaluate and to approve the continuation of the Management Agreement. Among other things, the information and factors considered included the following:

- Information on the investment performance of the Fund relative to the performance of a group of mutual funds determined to be comparable to the Fund by Broadridge, as well as performance relative to benchmarks;

# APPROVAL OF MANAGEMENT AGREEMENT (continued)

- Information on the Fund's management fees and total expenses, including information comparing the Fund's expenses to those of a group of comparable mutual funds, as determined by Broadridge;
- The Investment Manager's agreement to contractually limit or cap total operating expenses for the Fund so that total operating expenses (excluding certain fees and expenses, such as transaction costs and certain other investment related expenses, interest, taxes, acquired fund fees and expenses, and infrequent and/or unusual expenses) would not exceed a specified annual rate, as a percentage of the Fund's net assets;
- Terms of the Management Agreement;
- Descriptions of other agreements and arrangements with affiliates of the Investment Manager relating to the operations of the Fund, including agreements with respect to the provision of transfer agency and shareholder services to the Fund;
- Descriptions of various services performed by the Investment Manager under the Management Agreement, including portfolio management and portfolio trading practices;
- Information regarding any recently negotiated management fees of similarly-managed portfolios of other institutional clients of the Investment Manager;
- Information regarding the resources of the Investment Manager, including information regarding senior management, portfolio managers and other personnel;
- Information regarding the capabilities of the Investment Manager with respect to compliance monitoring services;
- The profitability to the Investment Manager and its affiliates from their relationships with the Fund; and
- Report provided by the Board's independent fee consultant, JDL Consultants, LLC (JDL).

Following an analysis and discussion of the foregoing, and the factors identified below, the Board, including all of the Independent Trustees, approved the renewal of the Management Agreement.

## Nature, extent and quality of services provided by the Investment Manager

The Board analyzed various reports and presentations it had received detailing the services performed by the Investment Manager, as well as its history, expertise, resources and relative capabilities, and the qualifications of its personnel.

The Board specifically considered the many developments during recent years concerning the services provided by the Investment Manager. Among other things, the Board noted the organization and depth of the equity and credit research departments. The Board further observed the enhancements to the investment risk management department's processes, systems and oversight, over the past several years, as well as planned 2021 initiatives in this regard. The Board also took into account the broad scope of services provided by the Investment Manager to the Fund, including, among other services, investment, risk and compliance oversight. The Board also took into account the information it received concerning the Investment Manager's ability to attract and retain key portfolio management personnel and that it has sufficient resources to provide competitive and adequate compensation to investment personnel. The Board also observed that the Investment Manager has been able to effectively manage, operate and distribute the Funds through the COVID-19 pandemic period with no disruptions in services provided.

In connection with the Board's evaluation of the overall package of services provided by the Investment Manager, the Board also considered the nature, quality and range of administrative services provided to the Fund by the Investment Manager, as well as the achievements in 2020 in the performance of administrative services, and noted the various enhancements anticipated for 2021. In evaluating the quality of services provided under the Management Agreement, the Board also took into account the organization and strength of the Fund's and its service providers' compliance programs. The Board also reviewed the financial condition of the Investment Manager and its affiliates and each entity's ability to carry out its responsibilities under the Management Agreement and the Fund's other service agreements.

In addition, the Board discussed the acceptability of the terms of the Management Agreement, noting that no changes are proposed from the form of agreement previously approved. The Board also noted the wide array of legal and compliance services provided to the Funds under the Fund Management Agreements.

# APPROVAL OF MANAGEMENT AGREEMENT (continued)

After reviewing these and related factors (including investment performance as discussed below), the Board concluded, within the context of their overall conclusions, that the nature, extent and quality of the services provided to the Fund under the Management Agreement supported the continuation of the Management Agreement.

## Investment performance

In this connection, the Board carefully reviewed the investment performance of the Fund, including detailed reports providing the results of analyses performed by each of the Investment Manager, Broadridge and JDL collectively showing, for various periods (including since manager inception): (i) the performance of the Fund, (ii) the performance of a benchmark index, (iii) the percentage ranking of the Fund among its comparison group, (iv) the Fund's performance relative to peers and benchmarks and (v) the net assets of the Fund. The Board observed that the Fund's performance for certain periods ranked above median based on information provided by Broadridge. The Board also reviewed a description of the third-party data provider's methodology for identifying the Fund's peer groups for purposes of performance and expense comparisons.

The Board also considered the Investment Manager's performance and reputation generally. After reviewing these and related factors, the Board concluded, within the context of their overall conclusions, that the performance of the Fund and the Investment Manager, in light of other considerations, supported the continuation of the Management Agreement.

## Comparative fees, costs of services provided and the profits realized by the Investment Manager and its affiliates from their relationships with the Fund

The Board reviewed comparative fees and the costs of services provided under the Management Agreement. The Board members considered detailed comparative information set forth in an annual report on fees and expenses, including, among other things, data (based on analyses conducted by Broadridge and JDL) showing a comparison of the Fund's expenses with median expenses paid by funds in its comparative peer universe, as well as data showing the Fund's contribution to the Investment Manager's profitability. The Board reviewed the fees charged to comparable institutional or other accounts/vehicles managed by the Investment Manager, including accounts subadvised by the Investment Manager, and discussed differences in how the products are managed and operated, thus explaining many of the differences in fees.

The Board considered the reports of JDL, which assisted in the Board's analysis of the Funds' performance and expenses and the reasonableness of the Funds' fee rates. The Board accorded particular weight to the notion that a primary objective of the level of fees is to achieve a rational pricing model applied consistently across the various product lines in the Fund family, while assuring that the overall fees for each Fund (with certain exceptions) are generally in line with the current "pricing philosophy" such that Fund total expense ratios, in general, approximate or are lower than the median expense ratios of funds in the same Lipper comparison universe. The Board took into account that the Fund's total expense ratio (after considering proposed expense caps/waivers) approximated the peer universe's median expense ratio.

After reviewing these and related factors, the Board concluded, within the context of their overall conclusions, that the levels of management fees and expenses of the Fund, in light of other considerations, supported the continuation of the Management Agreement.

The Board also considered the profitability of the Investment Manager and its affiliates in connection with the Investment Manager providing management services to the Fund. With respect to the profitability of the Investment Manager and its affiliates, the Independent Trustees referred to information discussing the profitability to the Investment Manager and Ameriprise Financial from managing, operating and distributing the Funds. The Board considered that in 2020 the Board had considered 2019 profitability and that the 2021 information showed that the profitability generated by the Investment Manager in 2020 increased slightly from 2019 levels. It also took into account the indirect economic benefits flowing to the Investment Manager or its affiliates in connection with managing or distributing the Funds, such as the enhanced ability to offer various other financial products to Ameriprise Financial customers, soft dollar benefits and overall reputational advantages. The Board noted that the fees paid by the Fund should permit the Investment Manager to offer competitive compensation to its personnel, make necessary investments in its business and earn an appropriate profit. After reviewing these and related factors, the Board concluded, within the context of their overall conclusions, that the costs of services provided and the profitability to the Investment Manager and its affiliates from their relationships with the Fund supported the continuation of the Management Agreement.

# APPROVAL OF MANAGEMENT AGREEMENT (continued)

## Economies of scale

The Board considered the potential existence of economies of scale in the provision by the Investment Manager of services to the Fund, to groups of related funds, and to the Investment Manager as a whole, and whether those economies of scale were shared with the Fund through breakpoints in investment management fees or other means, such as expense limitation arrangements and additional investments by the Investment Manager in investment, trading, compliance and other resources. The Board considered the economies of scale that might be realized as the Fund's net asset level grows and took note of the extent to which Fund shareholders might also benefit from such growth. In this regard, the Board took into account that management fees decline as Fund assets exceed various breakpoints, all of which have not been surpassed. The Board observed that the Management Agreement provided for breakpoints in the management fee rate schedule that allow opportunities for shareholders to realize lower fees as Fund assets grow and that there are additional opportunities through other means for sharing economies of scale with shareholders.

## Conclusion

The Board reviewed all of the above considerations in reaching its decision to approve the continuation of the Management Agreement. In reaching its conclusions, no single factor was determinative.

On June 15, 2021, the Board, including all of the Independent Trustees, determined that fees payable under the Management Agreement were fair and reasonable in light of the extent and quality of services provided and approved the renewal of the Management Agreement.

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**Columbia Variable Portfolio – U.S. Government Mortgage Fund**

P.O. Box 219104

Kansas City, MO 64121-9104



Your success. Our priority.

**Please read and consider the investment objectives, risks, charges and expenses for any fund carefully before investing. For Fund and other investment product prospectuses, which contain this and other important information, contact your financial advisor or insurance representative. Please read the prospectus carefully before you invest.** The Fund is distributed by Columbia Management Investment Distributors, Inc., member FINRA, and managed by Columbia Management Investment Advisers, LLC.

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**VARIABLE PORTFOLIO FUNDS**

70100 Ameriprise Financial Center  
Minneapolis, MN 55474